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NOVEMBER 14, 1990

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31 Chains To Watch

R&I SHOWS YOU WHERE THE GROWTH IS

Wonder Waffles Sweeten Sales For Pancake Cottage

CATERING INNOVATIONS YOU CAN IMITATE

Fancy Desserts

Without Fuss

MORE INSIDE! SEE PAGE 4

A CAHNERS PUBLICATION

NOV. 14, 1990

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R&I REPORT

HELPING HAND

MORRISON COMMITS TO EDUCATION

Demonstrating its commitment to providing corporate support for hospitality education, Morrison Inc. has established a $100,000 Ruby Tuesday endowment in hospitality administration at Florida State University's College of Business in honor of the late James Bruce Wallace.

Wallace, a 14-year Morrison employee, died in April at the age of 32 after a long bout with Hodgkin's disease. He started as a dishwasher and worked his way up to regional employment manager.

Ruby Tuesday

The Ruby Tuesday/James Bruce Wallace Memorial Fund for Hospitality Administration will be matched with a $50,000 challenge grant through a Florida state legislature program.

"We are a strong supporter of higher education, and we are committed to the goal of helping produce talented management prospects for our industry through hospitality programs such as the exceptional one found at Florida State," says Pfilip Hunt, senior vice president and general counsel at Morrison.

—Nancy Backas

WASTE WATCH

LITTER CONTROL: A HANDY CHECKLIST FROM THE FPI

Now that the environment is such a hot topic, just one piece of litter outside of a foodservice establishment can send an image of carelessness to the community. The Foodservice & Packaging Institute offers tips to help operators keep their property clean:

Immediate outside area:

☐ Are there enough receptacles to do the job? (This is determined by size of premises, traffic, volume.)

☐ Are receptacles placed where litter accumulates?

☐ Do receptacles have removable liners for easy maintenance?

☐ Is there a written maintenance schedule?

☐ Is the maintenance schedule based on usage? (Heavily used receptacles need emptying more frequently.)

Grounds maintenance:

☐ Are there frequent, regularly scheduled cleanups of the entire property?

☐ Are planted areas trimmed and raked regularly?

☐ Are planters frequently and carefully maintained to remove trapped litter and keep plants attractive?

Develop a written schedule for sweeping.

Are outdoor tables screened against the wind?

☐ Are outdoor tables cleaned after each customer?

☐ Is the entire outdoor area well-lighted, with no dark corners in which to hide trash?

Sidewalks and streets:

☐ Is there a written schedule for frequent sidewalk sweeping and gutter cleaning?

☐ Are sweepings put into containers, and not pushed into gutters?

☐ If possible, are additional trash receptacles installed on the sidewalk beyond the property line in all directions?

☐ Are nearby commercial establishments encouraged to follow proper refuse-storage procedures?

For a complete checklist, write Foodservice & Packaging Institute, 1025 Connecticut Ave., N.W., Suite 513, Washington, D.C. 20036, or call (202) 822-6420.

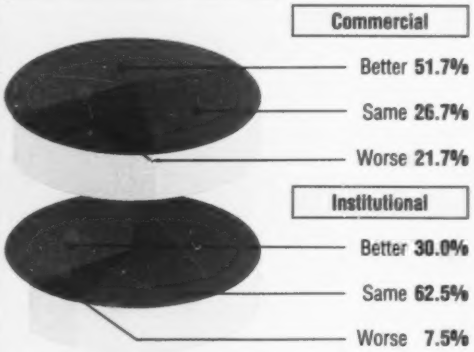
—Rob Townsend

R&I DATA

COMMERCIAL SALES AND TRAFFIC COUNTS OFF SLIGHTLY

When surveyed in August operators reported solid sales and traffic-count figures. But commercial averages were off from the June survey, when 60% reported better sales and traffic counts were up 3.8%.

SALES COMPARED TO YEAR AGO



TRAFFIC COUNTS COMPARED TO YEAR AGO

	Commercial	Institutional
Up more than 10%	28.3%	12.5%
Up 1% to 10%	18.3	30.0
No change	30.0	45.0
Down 1% to 10%	16.7	7.5
Down more than 10%	6.7	5.0
Average:	+3.3	+2.3

Source: *Restaurants & Institutions* Bureau of Foodservice Research.

R&I REPORT

FIRST PERSON

CARHOP QUEEN FROM SONIC BUDDING INDUSTRY SPOKESWOMAN

A lot of folks smile at the title Carhop of the Year, but Debbie Matthew of Glenpool, Okla., doesn't care. "When they hear all of the benefits, they stop laughing," she says. The 19-year-old sophomore at the University of Tulsa earned the honor over 8,000 other Sonic Drive-In employees and is paying her way through school with the winnings.

DEBBIE MATTHEW

I started working as a carhop for Sonic three years ago. My cousins worked there and I was always hearing stories about how fun they thought the job was. They were right. I really like the people I work with and the managers are really fair.

Typically, on school nights I work from 5 to 9. The first part of the shift I stock things up and clean. When the orders start coming in, that keeps you really busy.

I suppose the hardest thing about the job is you have to smile whether you want to or not. It doesn't really sound like that's a big deal—to go out smiling—but it's difficult. You have to put everything out of your mind that's bothering you and just concentrate on being positive for the customer, because they know whether you're being sincere or not. This week it's been tough. I have three tests this week and a paper due.

Most of the time, customers are really nice. But I get about one or two cranky customers a week. Sometimes you can try to cheer them up, but other times they want to be in a bad mood. If that's the case, I try not to be excessively friendly. I just give them good service and step away.

Now that I'm in college, people are surprised that I'm still carhopping. Sometimes I ask friends in classes where they work and they'll say something like St. John's Hospital, which sounds really impressive. When they ask me the same question and I tell them I'm a carhop, they don't laugh, but I can tell they don't think it's a very prestigious job. That bothers me. I believe prestige is in the person, not the job. There are a lot of people I really respect in the restaurant industry and it seems a shame that they aren't honored more for who they are, instead of being looked down on because people are conditioned to think a job in a restaurant is a low-level thing.

I think if more restaurant companies did programs like the Carhop of the Year award, it would help change the industry's image. It provides the incentive for employees to giver better service, and it really opens people's eyes when they find out all the benefits of winning the award.

TRAINING

TRAINING PLANS LINE UP FOR '91

Organizations are waking up to the growing importance of training line employees in customer service.

A survey at the Council of Hotel and Restaurant Trainers conference in August revealed that 66% of the trainers in attendance say their company plans to increase dollars and time allotted for line-employee service training for 1991, and only 2% will decrease training.

While shrinking budgets continue to thwart training efforts, 36% of respondents say the cost of teaching service skills to hourly workers averages less than $100 per employee. Another 42% say costs run between $101 and $250. Fully 16% say training costs between $251 and $500, and 6% say costs run more than $500.

The most preferred form of training is on-the-job (72%), followed by classroom (68%), self-paced workbooks (47%) and video (32%).

CHART, the industry's leading organization for human resources executives, is scheduled to meet again March 17-20, 1991, in Orlando, Fla. For information, contact Roz Mallet at (214) 351-4055. *—J.W.*

SERVICE TRAINING TIME FOR LINE EMPLOYEES

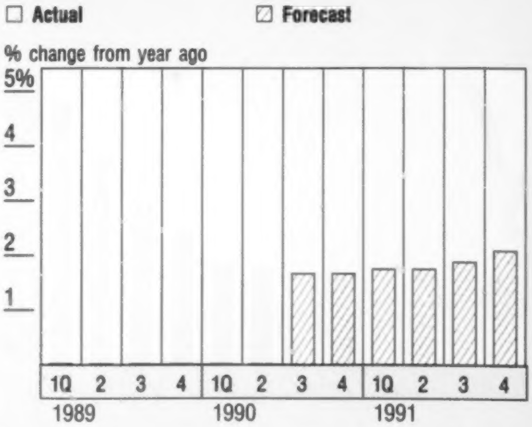
4 hours or less	17%
5-8 hours	28
8-16 hours	30
17 hours or more	25

Source: CHART Survey on Total Quality Training

R&I DATA

DISPOSABLE INCOME* ADJUSTED DOWNWARD

Events in the Middle East and talk of recession at home have affected consumer confidence and caused downward adjustments in disposable income forecasts.



*Real disposable income adjusted for inflation. Source: U.S. Department of Commerce. Cahners Economics forecast starts 3rd quarter 1990.

LIQUID ASSETS

■ MERCHANDISING

Consumers Develop Thirst for Bottled Water

Still or sparkling beverages match well with rich and spicy foods.

A fixture in European restaurants for decades, bottled sparkling water is now found frequenting the tabletops of cafes, restaurants and bars across the United States.

In fact, the trend toward serving bottled water just mirrors the boom in bottled water on the home front. One out of every six American households consumed bottled-water products in 1988. In 1989, Americans drank more than 1.5 billion gallons of bottled water—close to 7 gallons per capita—says the International Bottled Water Association (IBWA), Alexandria, Va.

According to the association, sales of bottled water will continue to grow at a projected annual rate of 12%. But bottled water can be anything from distilled water sold in plastic jugs to the luxury brands of mineral water.

The biggest market for restaurateurs and bar operators lies in the demand for bottled mineral water and flavored water. The presence of calcium, magnesium and other natural minerals gives mineral water a crispness and assertive edge lacking in the taste of plain tap water. Still mineral water stands up to rich or spicy foods, while carbonated or sparkling varieties have a bubbly texture that many consumers enjoy with smooth-textured foods, such as pastas with cheese sauce.

Water is an obviously healthful choice for a beverage. Consumed in place of soft drinks or alcoholic beverages, bottled water is popular among calorie-conscious consumers. Most are willing to pay the price for the cachet of bottled water, too. A single-serving bottle (8 to 11 ounces) of sparkling water can sell for $1.95 to $3.50, depending on the venue. Since the wholesale price for a single-serving bottle ranges from 30 cents to 48 cents, the profit potential for operators is clear.

Due to drought conditions in the West and Southwest United States, some of the top markets for bottled water are in California, Arizona and Texas. The leading U.S. market for bottled water is California, with more

continued on page 122

Restaurant patrons find sparkling water a refreshing change of pace.

LIQUID ASSETS

Younger customers prefer the light taste of fruit-flavored or citrus-spiked sparkling water.

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than 565 million gallons of bottled water consumed there in 1988. In some Western cities, Los Angeles, for example, bottled water often replaces tap water since, in an effort to conserve water supplies, restaurateurs are not allowed to place glasses of water at table settings until water is requested by the customer.

Manfred Krankl, manager and co-owner of Campanile restaurant, Los Angeles, finds that customers prefer a bottled mineral water imported from Austria. Campanile, which has 140 seats, attracts a well-heeled crowd for its blend of Californian and Mediterranean cuisines. Thus, patrons do not blanch at paying $6.00 for a liter of mineral water, or $3.00 per single-serving bottle.

A more casual establishment, Babalu, Santa Monica, Calif., also does a brisk business in bottled water. Manager Al Stoncius chose a naturally sparkling mineral water from northern California to sell on the premises. Since the restaurant does not sell liquor, customers often choose the carbonated water to accompany the spicy Caribbean ethnic fare. "We sell only one flavored water, and that's a passion fruit-mango blend that fits in well with our tropical theme," Stoncius says.

Wetlands Preserve, billed as a "eco-bar" in the heart of Manhattan, attracts an environmentally aware clientele. "We sponsor lectures and presentations on ecology, recycling and other topics, in addition to the standard music and entertainment," says Russ Weiss, the bar's environment director. Wetlands offers a local mineral water, bottled in New York State, because the bottler picks up empty bottles and recycles them. An 8-ounce serving sells for $2.25 and the bar orders 6 or 7 cases a week, "since most of our customers still drink beer when they go out at night," he says.

Flavored water, spiked with an essence of citrus or blended with fruit juices or fruit syrups, also is growing in popularity. Because the flavor is more pronounced, such carbonated drinks resemble soft drinks more than bottled water.

Yet the strong flavor sells well. Not as sweet as 100% fruit juice, flavored water is popular among younger (under 30 years old) customers. According to SAMI/Burke, a New York City market research firm, sales of sparkling juice beverages reached $115 million, up 21% from 1988. Sales by gallon increased to 16.4 million gallons, up 25% from last year.

Whether just beginning to serve bottled water or adding a new flavored water or sparkling drink to your menu, consider the following tips:

Start with server training. To promote sales of bottled water, assemble a sampling of domestic and imported brands and ask servers to taste them. Keep their responses in mind when making your decision about which types of water to stock. That way, you will build an effective sales team for the bottled water you offer.

Be prepared to recommend bottled water and food matches. Sylvie Velisle, a manager at Celestino, a Beverly Hills, Calif., restaurant specializing in Northern Italian cuisine, points to the success she has had in pairing entrees with Italian bottled water. "Our servers always ask our customers if they want to try the native Italian water, and even at $5.00 per bottle, almost every table orders it," Velisle says.

Don't restrict yourself to listing just one bottled water. Mike Leiaghat, owner of Chapo, a Belgian-French restaurant in the fashionable Melrose district of Los Angeles, has four brands of bottled water available. "Naturally, our customers are most intrigued by the Belgian water, since it blends best with our style of cooking, but we have requests for waters from other parts of the world, as well," Leiaghat says. "All of our clientele prefer the snappy taste of mineral water."

Let customers know that you offer bottled water. Add a tip-in card to your menu or a create a table tent—anything to alert diners to the new beverages. For mineral water, descriptions of the water's source and country of origin, and mention of the mineral content (if any) are informative and appealing.

—Lucy Saunders

SPARKLING BEVERAGES

Fizz is in, whether it's in a sparkling water imported from France or a carbonated juice from Florida. Markets for sparkling beverages continue to grow at a brisk pace. Operators credit the success to these drinks' "healthful" and "natural" images.

Category	1989 sales	% change from 1988
Seltzer/ club soda	$327 MM* 117 MM gal.	–4% –3%
Sparkling water	$151 MM 38.1 MM gal.	3% 6%
Sparkling juice	$115 MM 16.4 MM gal.	21% 25%

*Million. Source: SAMI/Burke, 52 weeks ending March 24, 1990.

BOTTLED WATER MARKET STATISTICS

☐ Of the home, commercial, retail and vending markets for bottled water, the retail segment will see the most growth (10.3%) from 1988 to 1993. From 1993 to 1998, commercial sales growth is projected to lead the rest (8.4%).

☐ Imported sparkling water accounted for $213.7 million in 1988 (12% of total U.S. bottled water sales), but only for 49.7 million gallons (3% of total U.S. volume).

☐ California left other states in its dust when it came to consuming bottled water in 1988. With its 565.4 million gallons swallowed, California beat New York (110.2 million gallons), Texas (105.1 million), Florida (92.2 million) and Illinois (59.9 million).

☐ National per-capita consumption of bottled water increased from 5.0 gallons in 1986 to 6.4 gallons by 1988.

Source: *Beverage Marketing*, The U.S. Bottled Water Marketing and Packaging Report, 1989.

■ ■ ■ ■ ■

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More Inside! See Page 2

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34 R&I EXCLUSIVE: THE NEW PROFESSIONAL CHEF COOKBOOK

Almost 30 years ago, *R&I*'s editors joined with the Culinary Institute of America to produce *The Professional Chef*, foodservice's first training cookbook, a significant milestone in professionalizing an emerging industry. *R&I* is proud to introduce *The New Professional Chef*, an all-new edition to be published next spring and serialized in *R&I* throughout 1991. We are honored again to be a partner with the CIA in bringing the chef's art, science and skill to our readers. Excerpts and recipes from the book begin in this issue.

68 FOUND: READY AND ABLE LABOR POOL

Of the 18 million adults with disabilities, 12 million are unemployed. Two-thirds of these are ready and able to work, and can be successfully trained to fill an assortment of foodservice jobs, from dishwashing to food prep. *R&I* details operator experiences with disabled workers and presents solutions to some common problems.

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White Castle, a company that rarely serves up special promotions, puts its arms around little customers. . . . In Denver, Harvest Restaurant and Bakery's menu has doubled snack-bar sales for Rose Medical Center. . . . Trend to watch: restaurant menus in the Yellow Pages.

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Demands for savory foods with less fat have created a revolution in the sauce pot. Stocks made with vegetables, reductions of juices, and fruit glazes are adding new interest to entrees. Recipes featured are flavorful, uncomplicated and lean.

ABOUT THE COVER

A holiday idea from *The New Professional Chef* cookbook: roast turkey with pan gravy and a stuffing of chestnuts and sage. Fresh sage and cranberries are ornaments. Recipe is on page 144.

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LABOR REPORT

Ready & Able

Two-thirds of America's disabled population can't find work. Here's how to tap this labor source for your foodservice operation.

By Jeff Weinstein

Jeff Doiron is a successful foodservice industry employee. After going to school each weekday morning, he heads over to Scott's 205th Street Bar & Grill, Edmonds, Wash., puts on his apron and immediately attends to his duties. He starts the laundry for the day's linens, sorts silverware or carries bus tubs to the dishwasher. At the end of the shift, Jeff hops on the bus and heads home. Sounds pretty basic for a 36-year-old, but Jeff Doiron faces a special challenge each day: He is developmentally disabled. Yet he has become a shining success story in his community.

"I love my job," says Doiron, who has worked at the restaurant, owned by Seattle-based Restaurants Unlimited, for three years. "It is also very important to me to know I can do a good job when I set my mind to it. And I keep on getting better and better at it all the time."

Happily, the foodservice industry can boast many such success stories: The industry is by far the country's largest employer of disabled people. But by no means has foodservice fully tapped the disabled as a solution to the labor shortage. There are more than 18 million adults with disabilities. Of those, more than 12 million are unemployed. Two-thirds of those are ready and able to work—but can't seem to find jobs.

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LAST IN A SERIES ON LABOR ISSUES

Johnny McNickle, employed with Marriott since 1981.

RESTAURANTS & INSTITUTIONS

facts ▼

▶ Of the more than 18 million adults with disabilities, at least 12 million are unemployed. Two-thirds of those would like to work but do not.

▶ More than 50% of the country's 250,000 special-education graduates each year remain unemployed after graduation.

▶ With proper support, the average disabled worker stays on the job 4½ years.

▶ Almost 90% of workers with disabilities receive "good" or "excellent" performance ratings from their managers. About 82% of managers say employees with disabilities are no harder to supervise than employees without disabilities.

▶ About 70% of all workplace accommodations for disabled employees cost less than $100, while half cost nothing.

▶ Employees with disabilities are ranked by supervisors higher on safety issues than their nondisabled peers; 85% say employees with disabilities rate average or above on attendance.

▶ A 1985 survey by the National Restaurant Association indicated people with learning disabilities accounted for 50% of foodservice placements, those with a history of treatment for mental illness accounted for 32% and physical disabilites stood at 18%.

▶ The same 1985 NRA survey revealed 29.5% of disabled foodservice employees worked as kitchen helpers, another 27% served food at counters or as waiters, 17.1% were listed as dishwashers, 14% worked in fast-food and full-service chains as cooks' or bakers' helpers, and 12.4% held other maintenance jobs.

DISABLED WORKERS

The amount of bureaucratic red tape involved in hiring disabled workers is minimal.

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About the only drawback in hiring disabled workers is that the task appears more difficult than it is. Many operators resist because of stereotypes associated with the disabled and fear that such workers could compromise a restaurant's service. However, if an operation works with the right agency, makes the proper match of work to worker and trains the disabled employee properly, the chances for success are excellent.

PICK A PARTNER

Large companies with ample human-resources departments might well be able to integrate disabled workers without the help of a special agency. If your company is confident enough to go it alone, you can find disabled employees by making sure all help-wanted ads and recruiting tools encourage people with disabilities to apply. Ads should state the company is an equal opportunity employer, hiring without regard to disabilities.

But the vast majority of foodservice companies will need help placing disabled workers in jobs, and there are hundreds of agencies around the country trained to do just that.

To find an agency:

☐ Check with your state's vocational rehabilitation agency for referrals to programs and information on funding and federally sponsored tax incentives for hiring disabled workers. Among the agencies they'll suggest: mental-health centers, Goodwill, cerebral palsy schools and the bureau of services for the visually impaired.

☐ Attend career fairs and place job listings with colleges and universities that have programs serving people with disabilities. And remember that once you develop a reputation for aggressively seeking out disabled workers, many agencies will start calling *you*.

Frisch's Restaurants now knows the wisdom of finding an agency partner. "To be honest, no one knew what they were doing when it came to working with disabled employees," says Ron Heineman, vice president of human resources for the Cincinnati-based chain. "We finally decided to humble ourselves and be taught the right way."

From a field of 44 agencies, Frisch's eventually chose eight rehabilitation agencies to work with. During meetings with Frisch's store managers, district managers and operations executives, the agencies showed videos and recalled stories great and not so great to allay managers' fears and hesitations about topics such as safety, customer perception, discipline and performance reviews.

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Operators must stop thinking about disabled workers in terms of what their limitations are and start considering their potential.

terms▼

Developmental disability. Any mental and/or physical disability that has an onset before age 22 and can continue indefinitely. Includes individuals with mental retardation, cerebral palsy, autism, epilepsy, sensory impairments, congenital disabilities, traumatic accidents, or conditions caused by disease (polio, muscular dystrophy).

Disability. Term used for functional limitation that interferes with a person's ability to walk, lift, hear or learn. It refers to a physical, sensory or mental condition.

Handicap. Not a synonym for disability. Describes condition or barrier imposed by society, the environment or one's own self. Handicap can be used when citing laws and situations, but should not be used to describe a disability.

Learning disability. Permanent condition that affects the way individuals with average or above-average intelligence take in, retain and express information. Do not say slow learner, retarded, etc.

Mental disability. The Federal Rehabilitation Act lists four categories under mental disability: psychiatric disability, retardation, learning disability and (physical) head trauma. Use these four terms for specific instances; otherwise, mental disability or cognitive impairment is acceptable.

Nondisabled. Appropriate term for people without disabilities. Normal, able-bodied, healthy or whole are inappropriate.

Source: The Research & Training Center on Independent Living, Bureau of Child Research, University of Kansas, Lawrence.

DISABLED WORKERS

Voices

"Realize if I have a disability in a part of my body, it doesn't mean my mind is disabled, too. Listen to what disabled people have to say, including their attitude about why they want to work for you and why they would be an asset." *—Nina Schnadig, switchboard operator, Marriott Lincolnshire (Ill.) Hotel*

"Even when the big bosses come in, they work right alongside of me and help me clean tables. They talk to me. Ask how I'm doing. They show a true interest in me and my job." *—Alberta Hurst, hostess, Frisch's Big Boy restaurants, Cincinnati*

"I get along with everyone at work and the staff makes me feel a part of the team. They ask me if I need help when it gets real busy and I do the same for them. . . . I'm very fast as a dishwasher and we never run out of silverware when I'm around." *—Reggie Reedus, Lettuce Leaf restaurant, St. Louis*

"My job is very important to me because I know I'm real good at what I'm doing. I enjoy my job and I like showing others how to do it, too. My goal is to get my own apartment and become self-sufficient." *—Robert Sander, kitchen utility worker, Marriott Lincolnshire Hotel*

"It's nice to work out in the community instead of a sheltered workshop. And it's an especially nice feeling when I get my paycheck because I realize I have a job and a good job is very important to me." *—Jeff Doiron, Scott's 205th Street Bar & Grill, Edmonds, Wash.*

Matching the disabled employee with the right job is the most important task.

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Frisch's and the agencies set a goal of two successful placements at each of the 112 company-owned stores by 1991. After six months, 85 matches had been made. "We're starting on a small scale to overcome the fears, knock down the barriers and gain confidence in the agencies," says Heineman.

Frisch's Mike Cook, a dishwasher and soup maker with mild Down's syndrome, says, "I like the restaurant because there are lots of friendly people around. My co-workers are nice and make me feel like part of the team. That makes me feel real good."

MATCHING WORKERS WITH WORK

After selecting an agency, the most crucial step becomes matching the employees to the job. Operators who have worked with disabled employees offer the following guidelines:

☐ Concentrate on disabled workers' abilities instead of falling into the trap of thinking about what they're unable to do.

☐ Make sure you give the agency counselor a complete description of the job—including every task expected of the employee and the time they're expected to complete it in. The counselor will then decide whether the applicant is up to the task, and write a job description for the employer.

☐ If a match seems unobtainable, try another organization. "The worst thing you can do is to force a fit that just won't work," says Don Gerald of Ralph & Kacoo's, Baton Rouge, La. "It damages the management team and the disabled employee."

Restaurants Unlimited spent hours hashing out details with its partner, Eden Express of Hayward, Calif., before hiring any workers for Horatio's, a full-service dinner house in San Francisco. Eden Express is a unique venture: The federally funded restaurant specializes in training developmentally disabled adults for all phases of restaurant work.

Warren Wolf, Restaurants Unlimited's Bay Area general manager, and Horatio's managers met with Eden Express Executive Director Bill Robbins to make sure the fit was right. "During the first meeting, I could sense the restaurant manager was very skeptical about hiring disabled workers," recalls Robbins. "He had a problem with one in the past and was worried they wouldn't be able to keep up with the busy work pace."

After a second meeting at a Restaurants Unlimited unit, Robbins discovered the perfect job for his workers—linen maintenance. He noticed that Horatio's servers are responsible for

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Some foodservice employers select staff members to act as job coaches for disabled workers. Someone on the inside can be paid by a rehabilitation agency to work as a coach during off hours.

DISABLED WORKERS

Federally funded job coaches train workers on site and free up employers' time and money.

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their own linen, and since Eden Express workers are taught how to care for linen, Robbins believed his people would fit perfectly there. Moreover, the Eden Express workers would relieve Horatio's workers of what they perceived as a tedious task.

TRAINING CAMP

The final step is making sure disabled workers are well-prepared for their new jobs. The most popular training method makes use of job coaches, who first learn the task, then work side-by-side with employees until they're comfortable with the job. Even after the coach leaves, he or she stays in touch and is available for problem solving and retraining. Job coaches save employers time and money: If the job coach is employed by a state or federal agency, federal funding pays for his or her services.

"The job coach was a big key for us," says Wolf. "We like the fact we have someone to communicate with in case we have trouble with a new crew member."

Eden Express isn't the only organization to use the coach system. The Supported Work Model of Employment, developed in the late-1970s by Dr. Paul Wehman at the Virginia Commonwealth University Rehabilitation and Research Institute in Richmond, Va., is used by rehabilitation agencies across the country to break down employer concerns and ensure strong training and development programs.

Frisch's, too, uses government-funded job coaches offered by its partnership agencies to handle on-the-job training and act as the bridge between management and disabled workers. In fact, the coach system helped Frisch's beat out General Motors as the recipient of the Ohio Department of Rehabilitation's Employer of the Year award.

Kathleen Duffy, Midwest regional manager for community employment and training initiatives for Marriott, calls the job-coach arrangement "one of the most productive available."

"We explain that process to our managers in order to coax them into taking a chance," she explains. "We tell them they have little, if anything, to lose and they'll usually agree."

For Lincolnshire (Ill.) Marriott utility worker Robert Sander, the opportunity to contribute plays a very important part in his life. Sander, 34, is developmentally disabled and has worked as a dishwasher and salad prep person for five years. "I like my job real well," says Sander. "I like the idea that I provide clean plates for customers and make sure everything else is in its proper place. I'm fast, accurate and get the job done on time."

The three Lettuce Leaf restaurants in the St. Louis area currently have about 37 disabled employees on staff. Owner Dr. William Saigh has been successfully hiring people with disabilities for more than 10 years.

OVERCOMING BARRIERS

Despite careful matching and training, plans to integrate disabled workers sometimes go wrong. Failures that do occur can be blamed on typical employer-employee problems: workers can't get to work on time, they get caught stealing or they can't follow directions.

Such setbacks should not stop employers from firing a disabled worker—not every match is perfect—nor should it inhibit managers from trying again. After all, how many non-disabled employees do you lose after a week or two?

Many other obstacles unique to the situation can be overcome with some simple adjustments. What follows are examples of real problems and how operators solved them:

Problem: Bill Robbins of Eden Express tells a story about one of his students with a learning disability who would stop dead in his tracks if he didn't have anything else to do.

Solution: After some consideration, it was decided this person would make a great cashier. He did a fine job when guests came to the register with checks, and the boss was happy because someone was always staffing the register.

Problem: At a Frisch's unit, a job coach recommended a disabled worker for a prep position. The only drawback was that the person could not stand up for hours at a time.

Solution: The restaurant got him a stool to sit on. The rehabilitation agency even picked up the cost of the stool, and to this day, the worker is chopping carrots and peeling onions at Frisch's.

Problem: A developmentally disabled worker at one of Marriott's contract sites was having trouble remembering everything that needed to be done to set up a daily buffet lunch. She didn't always get the food out on time or garnish it properly.

Solution: The woman's manager prepared a daily checklist of things to do

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DISABLED WORKERS

Simple accommodations overcome most of the obstacles unique to hiring disabled workers.

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and color photos of the food prepared properly with garnish.

Problem: At Mr. Hero in Cleveland, a developmentally disabled woman started having what seemed to be epileptic seizures. The job coach was brought in for counseling and found out the employee was faking the seizure to get more attention.

Solution: After starting to give the woman just a little extra attention, the "seizures" have stopped, according to JoAnne Ritner, Mr. Hero's director of personnel.

Problem: A developmentally disabled kitchen worker at the Radisson Plaza Hotel in Austin, Texas, started showing up late for work because he had a night job at a local blues club. Again, the first big step was to bring in his job counselor.

Solution: Since it became clear that the high-profile night job was important to the employee's self-esteem, hotel management allowed an adjustment in his schedule, despite misgivings that other employees would get upset about the special treatment. The nondisabled staff, however, understood the uniqueness of the situation.

Problem: At a Hyatt hotel, a young man with learning disabilities was having trouble tying his apron strings behind himself.

Solution: The hotel gave him a disposable plastic apron with ties in the front and a stapler, so instead of struggling with a knot, he could staple the apron ties.

THE WORKADAY WORLD

Employers of disabled workers also suggest the following tips for handling normal employee-employer situations:

Firing: Don't be skittish about releasing unsatisfactory disabled employees—allowing them to stay on board only fosters bad attitudes among the staff about the abilities of disabled workers. Ask the rehabilitation agency to help with a dismissal. As with a nondisabled employee, make sure reasons for the dismissal are well-documented.

Raises and reviews: Involve disabled workers in award and incentive programs. If the employee is unable to compete, consider setting up a special incentive program.

Workers' compensation insurance: A tough area to overcome with employers because skyrocketing rates have made this such an emotional issue. But laws in most states say insurance rates are based on accident rates, not who is employed. Furthermore, studies show well-matched disabled employees rank higher in safety performance than nondisabled workers.

Discipline: Don't be afraid to handle any performance problems head-on. Specialists advise against the use of warning notices because many disabled people have trouble comprehending them. Repeat any discussion to the job coach present so the coach can make sure the employee understands what went wrong.

Families of disabled workers: Their encouragement can do wonders for an employee's development. Invite them in for a meal and to meet with managers, and explain the complexities of the job, the skills required, skills that will be learned and potential for advancement. It helps alleviate any anxieties they might have about a job in foodservice. Also, try to link families with other families who have disabled relatives working in foodservice.

Training regular staff: It is important to train the regular staff almost as much as the disabled so they become more sensitive to the situation and familiar with the training process and expectations. Assure workers that in no way are jobs being created just to accommodate disabled workers.

Ultimately, the secret to success is the same as hiring good people, period. Some disabled employees will turn out to be gems, while others simply will not. But because of the critical nature of staffing through the next decade, operators cannot afford to sit back and wait for applicants to come through the door. They must commit to explore every possible work force, including alternatives such as the disabled, in order to maintain service standards.

And don't forget the human side. "I like my job very much," says Debbie Richards, a developmentally disabled lettuce washer at the Lettuce Leaf restaurant in St. Louis. "I want to make sure I keep my job so I can continue to live in my group home. I'm good at what I do and get faster all the time."

And Richards has a bit of advice for restaurant managers who are afraid to hire disabled workers: "Know we are just like anyone else—that is the way I feel about myself—and it is important to give us a chance." **R&I**

PEOPLE WITH DISABILITIES PLACED IN FOODSERVICE

Data compiled by Rehabilitation Services Administration of the U.S. Department of Education indicates that the foodservice industry is continually increasing its status as a national leader in hiring people with disabilities.

	Total placed	Employed in foodservice	% Employed in foodservice
1980	274,346	15,913	5.8%
1981	250,149	14,984	6.0
1982	212,912	13,789	6.5
1983	210,129	14,691	7.0
1984	219,432	15,352	7.0
1985	213,051	15,563	7.3
1986*	215,260	16,144	7.5
1987*	217,140	16,780	7.7
1988*	213,949	16,750	8.0
1989**	NA	17,419	8.2

*Estimate; **forecast.
Source: Rehabilitation Services Administration, U.S. Department of Education

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SERVING THE TOTAL FOODSERVICE INDUSTRY
JANUARY 9, 1991

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MARKET FORECAST '91

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THE YEAR OF RESTRUCTURING

Real Growth: 1.5% Total Sales: $256.4 Billion

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32 R&I EXCLUSIVE: 1991 MARKET FORECAST AND TRENDS

How is the foodservice industry faring under the clouds of three big uncertainties—oil prices, recession and war? All things considered, it's doing quite well. This annual status report of commercial and institutional business shows fast food, catering, nursing homes and employee feeding with growth percentages on the good, left side of the decimal point. Our forecast includes business trends to watch, food trends to guide menu planning and pricing, and interior- and kitchen-design trends that can be a blueprint for a successful new year.

108 CHAINS FIND ROOM TO GROW IN JAPAN

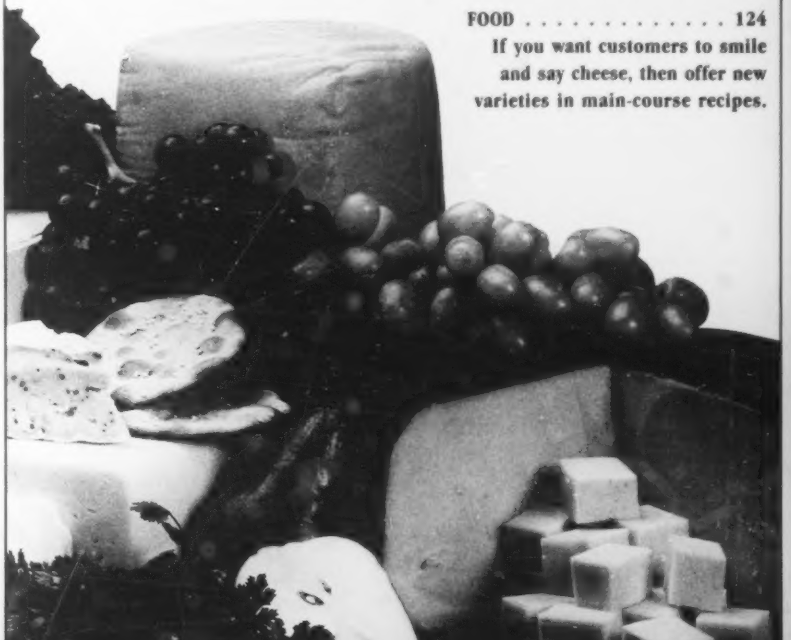
Ever on the fast track, Japanese diners-out like fast, convenient foods and new eating experiences. Noodle shops and sushi bars still are national treasures, but a new food-orientation process has the population looking to the West and its American hamburgers, soft-serve ice cream, fried chicken and pizza. American franchising companies such as Sizzler, Arby's and International Dairy Queen add Japan to expansion plans.

124 WHERE THERE'S A WILL THERE'S A WHEY

Usually cast in a supporting role, topping soups, salads and pizza or enriching sauces, today's cheeses stand on their own as a separate course, becoming star performers on the menu. We'll tell how. Recipes in our Food feature include polenta with mascarpone cheese, mozzarella with mushrooms, and tiramisu, an acclaimed Italian dessert. Also find handling tips and an assortment of ideas on garnishing with cheese.

ABOUT THE COVER

Announcing the business trends to watch in 1991. Our special report includes the sales, number of units and growth percentages of each and every segment in the industry.



FOOD 124
If you want customers to smile and say cheese, then offer new varieties in main-course recipes.

R&I REPORT

HELPING HAND

MILWAUKEE OPERATORS TO THE RESCUE

Now that the Second Harvesters of Wisconsin Food Bank has additional equipment—including a refrigerated truck—it is aggressively soliciting pledges from foodservice operators to help feed the hungry and homeless.

Second Harvesters of Wisconsin, Inc.
FOOD BANK
1700 WEST FOND DU LAC AVENUE
MILWAUKEE, WISCONSIN 53205
[illegible]

Second Helpings of Milwaukee, an offshoot of Second Harvester, wants caterers, vendors and operators to pledge their unserved product and join the more than 80 cities nationwide serving prepared foods to the needy. According to Second Harvester General Manager Gwen McLean, the goal for 1991 in Milwaukee is to sign up 50 participants and collect 150,000 pounds of food. The first restaurant chain to the rescue was Pizza Hut. It has pledged to freeze and donate leftover personal pan pizzas and also prepare and freeze bread sticks made from leftover dough.

Casper Balistreri, owner of the Venice Club in Milwaukee, has pledged pans of lasagna each month. The food bank provides either full or half pans to donors who will chill or freeze product. After pickup, the food is reheated and served to the needy within 24 hours. *—J.W.*

THE HILL

CIVIL RIGHTS REFORM BILL LIVES BEYOND PRESIDENT'S VETO

Even though Congress has sustained President Bush's veto of civil rights legislation, tremendous pressure still exists to resurrect the measure during the 1991 Congressional session.

In its 1990 form, the Civil Rights Act sought to authorize jury trials in job discrimination cases and allow plaintiffs to recover both compensatory and punitive damages. Under current law, plaintiffs are limited to "make whole" remedies such as job reinstatement, back pay and attorney's fees. The bill also would have shifted the burden of proof to employers in countering job discrimination charges.

Advocates could have made significant strides to further their cause had the Congressional elections last November created a wider majority for the Democrats. But Republicans lost but one seat in the Senate and nine in the House. If Bush decides to veto the next version, the new makeup of Congress probably will not be the deciding factor in a potential override.

"The election has not put any more momentum behind moving a civil rights bill early in the next session of congress," says Elaine Graham, director of federal relations for the National Restaurant Association.

However, be sure the bill will see the light of day eventually. And while industry leaders are in fundamental agreement with the equal employment intentions of the legislation, many believe the law would remove the incentive to settle cases out of court, encourage expensive litigation and pressure employers to hire by quota to avoid lawsuits.

A study by the National Foundation for the Study of Employment Policy, a Washington, D.C.-based research group, concluded changes mandated by the Civil Rights Act of 1990 would have increased the number of lawsuits by as much as 30% and raised annual legal fees from $563 million to $1.7 billion.

"We want a say-so in what President Bush pushes as his alternative package in 1991 because, indeed, he will have to have his own plan," says Graham. *—J.W.*

R&I DATA

OPERATORS PLAN MENU PRICE INCREASES

When asked in October about their plans for the next six months, operators were planning to raise menu prices at an average of more than 10%.

In the next six months	Commercial	Institutional
Operators who plan to raise menu prices	41.7%	22.5%
Percentage of menu items for which operators plan to raise prices	26.7	24.3
Percentage that operators plan to raise prices	11.1	10.2

Source: Cahners Bureau of Foodservice Research

EXCLUSIVE

1991 FORECAST: THE YEAR OF RESTRUCTURING

During 1991, the foodservice industry faces the same task as most American businesses—restructuring itself to deal with hard economic realities. Excesses of the '80s have produced a fiscal hangover. The budget deficit still looms over Washington. S&Ls are reeling and banks are showing signs of weakness. Bears stalk Wall Street and the Persian Gulf crisis adds a final touch of uncertainty.

Arguably, the fine-dining segment is a metaphor for the difference between the prosperous '80s and the streamlined look of the early '90s. Downscaling has taken hold as the way to maintain profitability or, in many cases, to survive. Such disciplines are being practiced in all segments, as market saturation and tighter budgets force operators to trim, "downsize" and get more for less out of their operating dollars.

ABOUT R&I'S FORECAST

Restaurants & Institutions' annual market forecast is compiled by the magazine's Bureau of Foodservice Research with the Cahners Bureau of Economics. The forecast is based on consumer spending, employment figures and the prime rate, as well as foodservice-specific indicators such as the Consumer Price Index for food away from home. This year, the real growth figures take into account 5% inflation. Figures for institutional segments are calculated as commercial sales equivalents, based on food purchased. Contractor sales are included in the segment in which they occur.

To order forecast, see Action Express.

In spite of such hardships, foodservice, which generally anticipates swings in the GNP, is on its way back up—so much so that *R&I* predicts real growth this year in the range of 1.5%, with total sales hitting $256 billion, an increase of $16 billion dollars. And positive movement of only a point or two in an industry of this size produces astounding growth. For example, this year's $16 billion increment is the equivalent of adding a new segment the size of fast-food pizza and bigger than all of school foodservice, or surpassing McDonald's total sales for 1989.

In this year's forecast, *R&I* editors analyze the major business, food, equipment and design trends that will hit foodservice this year. Their reports combine data from *R&I*'s

RESTAURANTS & INSTITUTIONS

FOODSERVICE GROWTH BY MARKET SEGMENT

Segments	'91 sales ($ billions)	'91 real growth	'91 market share	'91 units
FAST FOOD	$82.545	3.2%	32.2%	172,567
FULL SERVICE	79.286*	0.0	30.9	179,840
EMPLOYEE FEEDING	17.277	1.0	6.7	16,500
SCHOOLS	14.185	1.3	5.5	89,000
HOSPITALS	11.386	0.0	4.4	6,730
LODGING	9.459	0.6	3.7	25,700
COLLEGES & UNIVERSITIES	7.651	0.2	3.0	3,460
MILITARY	5.908	0.4	2.3	3,320
RECREATION	4.176	1.6	1.6	30,600
NURSING HOMES	4.088	2.1	1.6	15,325
SUPERMARKETS	3.559	7.5	1.4	32,100
TRANSPORTATION	3.367	1.1	1.3	155
CONVENIENCE STORES	2.768	3.3	1.1	57,000
CATERERS	2.742	7.5	1.1	5,420
CHILD CARE	2.607	2.2	1.0	28,200
RETAIL	2.057	0.3	0.3	16,100
LIFE CARE & ELDER CARE	1.019	2.5	0.4	4,275
ALL OTHER FOODSERVICE**	2.333	1.9	0.9	10,000

*Excludes separate drinking places. **Consists primarily of fraternal clubs, prisons and recreational camps.
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Bureau of Foodservice Research and intensive discussion with operators from every corner of the industry. In addition, each segment is analyzed for directional indicators that reveal where we think the industry will be at the beginning of 1992.

Following are highlights of *R&I*'s 1991 Annual Market Forecast:

■ Aging baby boomers will continue to increase their net worth. This will produce more discretionary income for the economy, much of it going to foodservice.

■ A generally aging population will provide a labor resource for the industry. It will also demand more nutritional foods.

■ New immigrants will stream into the country and our industry. Foodservice operators will continue to tap this pool and become more adept at training these new workers.

■ The 30-year trend showing progressively more food dollars going to foodservice continues. This year retail supermarkets will compete even harder for these food dollars, but foodservice will still get about 45%.

■ The definition of foodservice will keep changing, from food eaten in a foodservice establishment to "any food *prepared* away from home." This means more dramatic growth in the takeout market. All segments are getting into this area of opportunity. In addition, catering will gain in market share.

Overall, the foodservice industry will do well in spite of adverse circumstances. ***—Michael Bartlett***

TOTAL COMMERCIAL
1991 real growth: 1.8%
1991 sales: $186.592 billion
Total units: 519,327

TOTAL INSTITUTIONAL
1991 real growth: 0.9%
1991 sales: $69.820 billion
Total units: 176,965

TOTAL FOODSERVICE
1991 real growth: 1.5%
1991 sales: $256.412 billion
Total units: 696,292

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continued from page 33

MARKET MOVERS:

14 BUSINESS TRENDS TO WATCH IN 1991

Waste-watching, penny-pinching and name-dropping: All these measures of economy and ecology will mark foodservice's approach to 1991. While the year starts with three uncertainties (oil prices, recession and war), there's enough happening to keep the "busy" in business.

WAR OR NO WAR?
The threat is there—military personnel say they're prepared to be in the Persian Gulf for a long, long time. And some operators are preparing for it: Burr Jackson, former military man and director of campus foodservices at Indiana University, Bloomington, says he's written a war clause into the school's room-and-board contract: The clause gives the school the right to hike prices in case of war (and ensuing inflationary prices).

Child-labor laws: Under review by Congress and the NRA.

RECESSION OR NO RECESSION?
Among the reports of low consumer confidence, sluggish retail sales, dropped-off new construction spending and higher unemployment rates, one fact stands out: The classic definition of a recession is two consecutive quarters of decline in the gross national product. As of mid-November, that hadn't happened. But economists still fear that bad economic news causes consumers to rein in spending, thus hastening whatever kind of downturn might be on the way. If and when a true recession does hit, however, economists are divided on how long it will last. Some say the low inflation and interest rates and lean inventories will cushion the blow. Others point out that consumer, government and corporate debt, 2.4 times the GNP (compared to 1.7% before the 1981-1982 recession) could worsen a recession.

MILDER LABOR PAINS
If ever there was a silver lining, here it is: Fast-food, full-service and hotel executives say the economic slump and the factory layoffs that have followed have actually provided a mini-boom in hourly workers. The boom is especially noticeable in the Northeast. The challenge: to keep such workers happy with good benefits, wages and working conditions.

LAND-OFFICE BUSINESS
And here's another: With interest rates dipping below 10% in some places and restaurants closing left and right, fast-food and full-service chains and independents are finding new sites affordable and plentiful. Is now the best time to open a restaurant? Maybe not, but if the price is right, maybe the risk is worth taking. And chances are good that giants like General Mills—eagerly seeking conversion sites for its booming Olive Garden concept—can afford to have sites lie fallow for a few months.

PACKAGING WARS
Even though McDonald's set the ecological agenda for the decade by announcing a trade from foam to paper, the jury is still out. Paper, say environmentalists, has four character flaws: It uses much-needed trees; coated or uncoated, it does not easily degrade in landfills; it weighs more and takes up more space than foam in landfills; and once recycled, it cannot be recycled again. According to the Audubon Society: "More paper means more pollution."

RESTAURANTS & INSTITUTIONS

WATER CONSERVATION
While some groups work toward eliminating disposables, other groups lobby in favor of them. Their reason? Reusable wares deplete the nation's water resources, already dangerously low in California, Texas and Arizona. UCLA's foodservice department, for instance, is going with all foam serving ware that will be recycled. Also under consideration in foodservice labs: using ultraviolet rays (instead of hot water) to sanitize servingware.

SMOKE SCREENS
All eyes are on California, by far the most active state when it comes to the smoking issue. The state's restaurant association backs an outright ban on smoking as long as it applies to *all* public places. Meanwhile, in cities around the state, city councils are enacting bans and directing restaurant operators to install dual-ventilation systems. Nationwide, operators have been complying with voluntary set-aside programs, but remain wary of activity in California. In order to keep smokers happy, creative operators are promoting "smoker's nights" to maintain customers who might otherwise become alienated.

LEGISLATION ON TAP
A few legislative issues just won't go away: namely, reduction of the business-meal deduction, mandated health benefits and parental leave. The Civil Rights Act also is sure to be reintroduced in the new Congress and opposed by the National Restaurant Association in its present form because it would pressure employers to hire by quota.

Child-labor-law reform is on the agenda as well: NRA wants lawmakers to reconsider the type of equipment younger employees can operate, as well as the number of hours and times of the day they can work. For instance, slicers: They're made to be much safer than they were 50 years ago, when the current child-labor laws were written.

SERVICE, PLEASE
These days customers pronounce service, *convenience.* In fine dining, that means a more relaxed atmosphere to accompany lower-priced, less structured menus. Among full-service chains, it means more delivery (Levy Restaurants' Chef's Express), guaranteed 15-minute lunches (Denny's, Bennigan's) and reservations where they weren't taken before (Red Lobster). Quick-service chains are sprucing up drive-thru systems with TV monitors and better sound systems; inside, credit-card acceptance is becoming more prevalent.

STEPPED-DOWN PRICES
With consumer confidence down, foodservice is revising its check averages down as well. Fine-dining operators are revising menus and prices downward, while fast food's major players are making sure patrons will get change from their $20s with "value" menus. Wendy's Super Value menu offers sandwiches, salads and drinks for 99 cents; Rax's new Super Savers menu touts a roast-beef sandwich for 99 cents; Arby's is expected to test a similar low-priced menu this year.

TAKING CARE OF KID-NESS
Along with the lower prices come smaller portions—perfect for the family market operators are beginning to court with fervor. The kid-friendly options extend beyond the menu, however. For instance, Happy Joe's Pizza, Bettendorf, Iowa, has added a Children's Curiosity Corner—toys and educational games keep children busy (in a separate room patrolled by Happy Joe's employees and closed-circuit televisions) while Mom and Dad wait for the food.

COST CONTAINMENT
While customers tighten budgets, corporations search for ways to keep overhead and operational costs from swallowing margins. Burger King recently let 300 corporate employees go. Hardee's announced headquarters staff cuts of about 12%, or 125 workers. And Rax, which cut 30 jobs from the home-office staff last September, closed out 16 sluggish Southeastern units.

What's worse, many survivors of the acquisitive '80s now must labor under the burden of super-high debt service. Denny's and Canteen parent TW Holdings has been successful in reducing its massive leverage on schedule or even early. But other companies are sending up debt distress signals. For example, Al Copeland Enterprises paid $392 million to add Church's Chicken to its Popeyes holdings last year. This November, thanks to the collapse of the junk market, the company declared itself in default on $391 million of that.

THE BRAND-NAME GAME
The list of brand-name mergers keeps growing: K mart and Little Caesars, Domino's and Burger King, Marriott and Pizza Hut (and Mrs. Fields and Dunkin' Donuts), McDonald's and Morrison's and hospitals. The lure is twofold: The arrangements hike sales for institutions (as much as 40%, consultants say) and provide sites for chains in a time when free-standing locations are hard to come by. And speaking of McDonald's, the chain's latest move into a Denver school means no segment remains sacred. Look for other varied-menu quick-service chains to follow suit.

INTERNATIONAL EXPANSION
Contractors and independents are joining hotels and chains in foreign markets. Hottest new market: Mexico, where updated franchise laws will make it easier for chains to expand there. Most difficult market: Eastern Bloc countries, where foodservice outlets are virtually nonexistent, as are service mind-sets and access to supplies. —*The Editors*

The family business: Worth catering to this year.

continued on page 36

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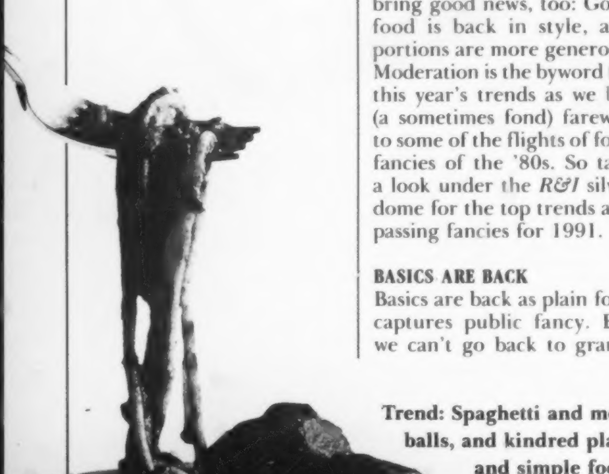
UNDER THE SILVER DOME: 1991's TOP TRENDS & PASSING FANCIES

General belt-tightening sets the stage for this year's trends: Good value will be foremost in the public eye, conspicuous consumption a memory. But harder times bring good news, too: Good food is back in style, and portions are more generous. Moderation is the byword for this year's trends as we bid (a sometimes fond) farewell to some of the flights of food fancies of the '80s. So take a look under the *R&I* silver dome for the top trends and passing fancies for 1991.

BASICS ARE BACK
Basics are back as plain food captures public fancy. But we can't go back to grandmother's meat and potatoes. Good cooking is lighter than before, lower in fat, sugar and sodium. Meat is a smaller (3- to 6-ounce) bull's-eye on the center of the plate. Vegetables are varied, their portions larger. In 1991 we'll be taking sentimental journeys down memory lane with lighter versions of some grand old American favorites: Hangtown Fry, chicken and dumplings, the club sandwich, Waldorf red cake, sloppy Joes, pot pies, deviled eggs, angel food cake, baked Alaska, scalloped potatoes, Yankee pot roast, chicken tetrazzini, oysters Rockefeller, vichyssoise, and cream of tomato soup.



Trend: Spaghetti and meat balls, and kindred plain and simple food.

ESOTERICS EXODUS
Going, going, gone are sea urchin soufflé and purée, oyster granité, eggplant torte with chocolate sauce and other esoteric, frou-frou foods of the foodies few.

THE MENU REVOLUTION
Once upon a time, appetizers were appetizers, salads were salads, entrees were entrees and soups knew their place. But the '90s bring a revolution to the menu, and the walls that kept courses separate have come tumbling down. The appetizer section has expanded to meet the market demand for flexible mini-meals. Small salads appear as appetizers, large ones as entrees. Entrees range from center-of-the-plate to soups. Desserts are still desserts and increasingly include sorbets, which have never found a comfortable niche as intermezzos.

END OF THE ENDLESS SPECIAL
Less-structured menus mean more options for customers, more mealtime flexibility and a smaller role for daily specials. Daily specials will be few, really special, and their communication to customers brief: a short spiel, a few entries on the menu board.

NO-NONSENSE NUTRITION
The big nutritional news for the '90s is that good-for-you food is good food, too: Health- and fitness-conscious customers in all life stages can look forward to good helpings of good-tasting, good-looking food. This reflects the ADA's new dietary guidelines that call for moderation in use rather than elimination of fat, salt, sugar from the diet. The weight guidelines are now unisex (men and women grouped together by height) and a little more generous. Relaxation has replaced diet hysteria. The message to customers: Have a glass of wine, sit back, enjoy your meal. And, oh yes, have another cup of coffee.

NOUVELLE NIBBLES
As enjoyment of eating replaces fear, say goodbye to: pale, poached paillards, vertical salads speared with chives, food styling to compensate for food skimping.

DOWNSCALING WITHOUT DOWNGRADING
Cutting costs and prices without trimming quality is

quite a trick, but one that operators are learning industrywide. Fine dining's fear of becoming special-occasion-only has led to downscaling and, in many cases, a return of the prix-fixe menu. In catering, customers are asking for and getting less costly parties, where beef burgundy replaces filet mignon and Mediterranean-style food takes the place of medallions of veal. Casual but stylish will be the theme for the year. High-cost ingredients will be replaced by hearty foodstuffs: pasta, rice, legumes, vegetables and lesser cuts of meat.

UPTOWN PRICES, DOWN-HOME FOOD
Beware homey foods bearing high prices. For example: the skin-in mashed potatoes. Great-grandmother would have been mortified to find skins in her mashed potatoes. She wouldn't eat them if *you* paid *her*.

GLOBAL MENUSPEAK
In 1991 there will be fewer new ethnic crazes as the whole world offers up appetizers, entrees and inspiration for the American menu. Just as Mexican, Italian and Asian dishes—such as taco salad, fajitas, pasta salad and stir fry—have gone mainstream, so other ethnic flavors and textures will be introduced to general menus. Creative foodservice talents will interpret and translate couscous, tabbouleh, tandoori chicken, pork satay, Szechwan beef, lamb shish kebab, *focaccia* and calzones, polenta, pesto and paella.

INTERNATIONAL GIBBERISH
Flavor and appeal get lost in translation when chefs without great talent and strong technical backgrounds try to fuse two or more ethnic cuisines. The result (this is a *real* recipe): Squid Ink Fettuccine with Blackberry Cream Sauce.

CONGREENIENCE
In poll after poll, customers have expressed a willingness to pay more for environmentally friendly food and packaging. Recycling, ecological packaging and bottled waters are industry expressions of the "taking care of mother earth" trend.

WASTEFUL CONVENIENCE
Riddle: How many packaging layers does one piece of food require? Answer: Too many—if the food is for takeout or delivery. Overpackaging will be the target of criticism—from environmental watchdogs and customers alike.

THE WAR AGAINST HUNGER
More than 20 million Americans experience real hunger, between two to five million of them children. More operators, foodservice directors and chefs know what policy makers don't: that hunger is not an incurable disease but a social disgrace. Industry leadership in the war against hunger will increase in 1991.

FOOD BENEFITS AND PR
Benefits to feed the hungry and house the homeless are at odds with PR and profit. The elements of personal promotion at charitable events will backfire in 1991. Most participating chefs and groups who donate time, labor and food will end up out-of-pocket. But virtue is its own reward.

FOOD SAFETY
Every time another incident of foodborne illness is reported, customers get the jitters. Customers have the need and right to know that the food they're served is safe. Safe food is good food: free from unnecessary chemicals and additives, well-cooked, properly handled and safely prepared. Training and supervision will become bywords, not lip service, in 1991.

RISKY BUSINESS
Serving raw or undercooked fish is risky business. So are open salad bars and buffets, and open-to-the-public supermarket takeout stations. And the riskiest business of all is untrained, unsupervised staff.

BUYING TIME
Time is in the '90s what money was in the '80s—the ultimate luxury. When time is money, whatever makes eating out, takeout or home delivery run smoother is worth a little more. Greasing the wheels of operations will be: instant greeting, quick seating, efficient service, amenities for kids, access for disabled, special options for dieters or the elderly.

COSTLY INCONVENIENCE
Whatever makes eating out, takeout or home delivery inconvenient or aggravating is costly business. There are no foodservice monopolies. Customers can and will go elsewhere—the first chance they get. —***Nancy Ross Ryan***

TREND

- **Basics**
- **The menu revolution**
- **No-nonsense nutrition**
- **Downscaling without downgrading**
- **Global menuspeak**
- **Congreenience**
- **The war against hunger**
- **Food safety**
- **Buying time**

PASSING FANCY

- **Esoteric food**
- **Endless specials**
- **Nouvelle nibbles**
- **Uptown prices, down-home food**
- **International gibberish**
- **Wasteful convenience**
- **Food benefits and PR**
- **Risky business**
- **Costly inconvenience**

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Passing Fancy: Sea urchin soufflé and other frou-frou fare of the foodies few.

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FROM FRONT TO BACK: A DESIGN TREND COMPENDIUM FOR 1991

The same "basics done better" theme resounding among menu forecasts for 1991 is evident in many design trends, both for interiors and kitchens. With fewer jobs to be had and smaller budgets, interior designers around the country are remembering that restaurants should be designed for customer comfort, not for the press photographer. New designs in kitchen equipment allow operators a wider range of use in many models; many of these new pieces are smaller than before and are easier to operate. New developments in existing fields, such as cook-chill and vending, offer opportunities for additional uses and increased time and labor savings. From new directions in dining-area designs to the course of kitchen equipment, *R&I* looks ahead to an exciting year.

Rotisseries and broilers reflect healthful dining concerns.

THE MATERIAL ISSUE

Vinyl might be made to last, but Mother Nature knows durability, too. Designers of foodservice outlets in noncommercial and commercial establishments alike are using more natural materials and custom design in furniture and on walls. Natural materials and custom craftsmanship fit the 1991 scheme in many ways: The materials have an environmentally friendly feel, and custom work projects quality and sophistication. Examples run the gamut from a new McDonald's in Hyde Park, N.Y., which was built with 80% biodegradable materials, to Vivere, an independent restaurant in Chicago designed with the help of 40 artists and craftsmen.

NO MIXED MESSAGES

It's no accident that restaurants being built today feel more focused. "When you have less money to work with, it becomes more important to be very clear about what should be done. You have to pick and choose only the most important things. You must refine your ideas," says David Rockwell of Haverson Rockwell Design in New York. The fact that many new restaurants today are conversions of failed foodservice spaces helps. "Doing a conversion usually means the kitchen is already there so you can focus the design dollars on the interior," says Rockwell.

LIVED-IN IS IN

Part of what went out with the restaurant-as-stage-set designs of the '80s was their hard edge and spanking new feel. Designers now are able to soften their interiors with refinished antiques and simple, honest elements. "The continuing trend toward casualization doesn't mean loss of quality, just loss of formality," says Bill Aumiller of Aumiller/Youngquist, P.C., Mount Prospect, Ill. "Places have a down-home feel—the ma and pa influence is big right now."

THE MORE FLEXIBLE, THE BETTER
As foodservice operators stretch to make money in new ways—catering, private party business—they're demanding interiors that can be reconfigured on the spot. Massive booths bolted to the floors around fixed tables are being replaced with banquet seating that mimics residential couches; non-commercial foodservice interiors are more flexible as well.

SCALED-DOWN COOK-CHILL SYSTEMS
Once considered a time and labor saver for institutional operations serving 10,000 or more meals a day, cook-chill is becoming more common in much smaller operations. Some of these serve 1,000 or fewer meals daily, yet take advantage of cook-chill's batch preparation and extended shelf life. The tumble-chill system, where bagged food rapidly cools in a cold-water bath, now works as well with 50-gallon steam kettles as it traditionally has with 100- and 200-gallon kettles. Blast-chillers, which cool pans of prepared food, allow operations of almost any size to prepare food in such conventional equipment as ovens and fryers, then chill it for up to five days of refrigerated storage.

SOUS-VIDE SAVINGS
Sous-vide, the exotic cousin of cook-chill, might soon be in many different types of operations across the country. Several companies now offer vacuum-packed food, cooked and immediately frozen, which quickly reheats in warm water. A number of hotel companies, including Omni and Marriott, are testing these foods—successful results could soon mean full 24-hour room-service menus and bar food beyond the usual snacks.

SET IT AND FORGET IT
When cooking equipment married microprocessors and digital controls several years ago, there was much celebration. The honeymoon ended, though, when operators found they had to learn how to operate this often complex technology. More and more, manufacturers are designing easier-to-program controls which allow low-skilled employees to simply load food and touch one button for a complete, specific cooking cycle. Because the cooking process needs less supervision, employees are free to perform other tasks and increase productivity.

THE FALL OF STAINLESS STEEL
The phasing out of the federal government's Voluntary Restraint Agreements (VRAs), begun in September 1989, started a decrease in stainless-steel prices. The VRAs limited the amount of foreign stainless steel imported in the United States, causing a 75% price increase in the late '80s. The amount of imported stainless has risen since the phaseout began, actually lowering the price, according to the National Association of Food Equipment Manufacturers. Because many manufacturers did not pass on the higher price of stainless several years ago, it remains to be seen what effect the lower prices will have on end-use equipment costs.

HEALTHFUL PREPARATION
As consumer demand for more healthful diets increases, certain pieces of equipment will become more prevalent. Rotisseries are on the rise, as evidenced by chicken-on-a-spit sales at Boston Chicken, Boston, and Famies Chicken, Troy, Mich.; UCLA is planning the addition of rotisserie chicken as well. Because steamed and broiled foods don't hold well for extended periods of time, the growing number of countertop steamers and broilers allow operators to prepare small batches just prior to serving.

VENDING VARIATIONS
Vending innovations are opening up new opportunities for institutional foodservice, particularly B&I and college operations. Several manufacturers have introduced the latest generation of coin-operated pizza and french-fry machines. Many coffee machines now hold whole-bean coffee and grind enough for one cup of fresh brew, improving the taste.

—Rob Townsend
and Monica Kass

Many of the design and equipment trends *R&I* forecasts for 1991 will benefit not only large operations with deeper pockets, but smaller sites that previously could not take advantage of such innovations as cook-chill and *sous-vide*.

FRONT OF HOUSE

- Natural materials
- Tightly focused design
- The lived-in look
- Flexible seating

BACK OF HOUSE

- Scaled-down cook-chill systems
- *Sous-vide* savings
- Easier-to-operate computerized controls
- Stainless-steel prices
- Healthful preparation
- Vending innovations

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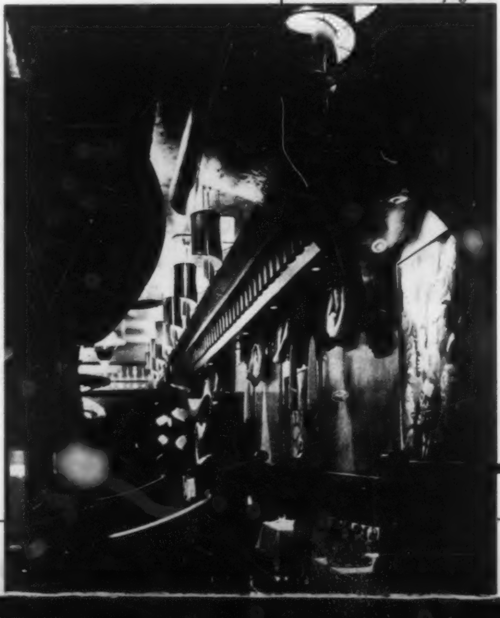
Interiors: more natural materials, custom work.



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Talk about mixed blessings. In the current recession/no recession debate, fast-food operators don't know which side to root for.

That's because a drop in real household income could both help and hurt fast-food restaurants. On the plus side, the quick-service segment historically has been more resistant than others to a drop in disposable income. Fast-food folklore has it that people don't stop eating out in a recession—they just trade down.

Chains say "good buy." But those same conditions will turn buyers into bargain hunters, and an operator not prepared to sell *something* for less should get ready to be lonely. Pizza chains already have seen meal-dealing jump from 24% of all purchases in '86 to 41% last year; that rate will only go higher in the next 12 months.

Meanwhile, look for a proliferation of the special low-priced menus that made good earnings news at Wendy's and Taco Bell last year. Taco Bell has already expanded its permanent 59-cent menu to a three-tiered structure of 59-, 79- and 99-cent items. Rax and Kentucky Fried Chicken are making room for special reduced-price items on their menus, and Arby's is reportedly preparing to test some 99-cent products of its own early in the year. As long as it can be done without eroding profit margins, slashing prices seems to be one key to success in the coming market.

FAST FOOD

To hit the hot buttons on 1991's fast-food consumers, offer takeout, make your product earth-friendly—and give them a bargain.

1991 real growth: 3.2%
1991 sales: $82.545 billion
Market share: 32.2%
Units: 172,567

FAST-FOOD BREAKOUT

Category	Growth
Burgers	2.5%
Pizza	5.5%
Chicken	2.5%
Sweets	2.1%
Sandwiches	3.5%
Mexican	4.3%
Seafood	2.0%

Once again, the fundamentals. But not *the* key. Tough as times might be, diners will still be looking for *Q*, *S* and *C* with their *V*. And this year "cleanliness" means not just shiny rest rooms but earth-friendly packaging and products. A survey by ad agency J. Walter Thompson revealed that 82% of consumers would pay up to 5% more for ecologically sound goods. Whatever its scientific validity, McDonald's vow to get polystyrene out of its waste stream will put pressure on other fast-food chains to follow suit.

The unemployment solution. On the cost side, a rough economic climate may offer local relief for the labor and real estate crunches that have become a chronic condition in fast food. Selected operators in New England and the Northeast already say that higher joblessness and lower rents are helping them cut overhead. Of course, if employment falls *too* low, the cure could be worse than the disease.

Finally, look for the major trends of the last few years to continue, particularly the growth of the off-premise dining option. But even here the news is mixed for quick-service operators. More customers are buying takeout, the phenomenon that gave fast food its birth. But more full-service chains are cashing in on the new mobility with takeout and drive-thru facilities of their own. That's still more competition for the mobile-meal dollar.

—Brian Quinton

HARD CHOICES IN A SOFT MARKET

■ "Finding new sites will be tough. The [shopping mall] development business is dead: If it's not in the ground now, it's not going *into* the ground any time soon." *—David Lasky, president and CEO, Bresler's, Des Plaines, Ill.*

■ "You're going to see even more event-driven marketing than you did this year. Fast food may pick up some customers from full service, but there will be a compression in the customer base. More people will come in, but they won't be coming in as often." *—Chris Thomas, vice president of marketing, White Castle, Columbus, Ohio*

■ "We're now operating in a long-term cost-cutting environment. We had too much fat a year ago; our food costs, our payroll, our G&A costs generally were all out of line. We're down 4% in food costs, simply from negotiating more carefully with vendors. They were very willing to work with us. Everybody knows what the market is like now." *—Ghulam Bombaywala, president and CEO, Two Pesos Mexican Cafes, Houston*

■ "Many prospective franchisees are scaling down: Instead of a multiple-unit franchise of eight or 10 stores, they settle for three to five units. And their financials have to be strong to borrow any portion of the money. If you don't have a strong statement, forget it. Every aspect of the economy is feeling the effect of the serious crackdown on the banking system. The Resolution Trust Corporation is putting so much pressure on the banks that they're more interested in upgrading their portfolios than making additional loans." *—Herbert and Jared Brown, co-owners, Checkers Drive-In Restaurants, Clearwater, Fla.*

■ "Store operations will be more a factor than ever before. People will think seriously before spending money in a store that may not have good service or cleanliness. We have not reduced our labor pool. You have to do *better* when sales are down." *—Stephen Beninati, president, Everything Yogurt, Staten Island, N.Y.*

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Full-service operators remain optimistic in the face of a very flat year. They predict closings and recession and then, in the same breath, they talk about the potentially good side of the bad coin: The price for talent might come down and there are real estate deals to be made.

Operators on each level of full service—from family dining to casual theme to fine dining—have the same focus: great food and good value—not just in price but in quality and service.

To deliver, labor is key. "In this difficult time, average performance from employees is not good enough," says Frank Guidara, president of Restaurant Associates' theme restaurant division. "For this reason, we're concentrating on the better performers."

So are the rest of the full-service players. As the game gets tougher, expect to see better and better employee retention tactics—tactics like those General Mills' Olive Garden chain uses. Monthly reports tell how much each server brings into his or her respective unit. Servers automatically receive raises based on that. "It's an excellent way to recognize the real performers," says spokeswoman Anne Powell.

Sales hinge on good value. Across the full-service spectrum, operators believe that, recession or not, customers will continue to eat out at restaurants that offer them good value. Value can be translated as "good food for less" or "more for the money," depending on the operator's perspective.

Many fine-dining restaurants, for example, are offering fixed-price menus $20 and $30 lower than they were last year. Others are sticking with more basics, less exotica.

Michael Whiteman of The Joseph Baum and Michael Whiteman Company, owner of New York's Rainbow Room, takes the other tack, that of adding lots of sizzle and showmanship. "We want to put the 'Omigod' factor back into fine dining," he says.

Meanwhile, chains are doing more with buffets, seasonal menus and food promotions featuring lower-cost food items. Chi-Chi's, for example, is launching a Sunday brunch and a Monday- and Tuesday-night dinner buffet.

Locking up fuel economies. To offset increases in transportation costs caused by the Persian Gulf crisis, operators will be using more seasonal, local produce and less exotic fare, a tactic that will help keep food costs down, too. "We're going to have to be a lot more imaginative with less costly items," says Restaurant Associates' Guidara. "We'll see lower-cost fish better prepared so people won't think dimly about the fact that they just ate cod instead of mahi mahi."

Operators see lots of room for expansion. Even so, they won't be building landmark-caliber fine-dining spaces—most say their new units in the next year will be average sized with a casual focus. —*Monica Kass*

FULL SERVICE

In economic downturn, full-service operators focus on value and employee retention and keep an eye out for real estate bargains.

1991 real growth: 0.0%
1991 sales: $79.286 billion
Market share: 30.9%
Units: 179,840

FULL-SERVICE BREAKOUT
Fine dining: −3.3%
Casual/theme: 0.4%
Cafeterias: 0.4%
Family/coffee shop: 0.3%

FULL SERVICE VALUES 'GOOD SIDE OF BAD COIN'

■ "The days where high check averages covered mistakes like food waste and unmonitored labor budgets are gone." —*Jimmy Schmidt, Rattlesnake Club, Detroit*

■ "The more attention we have to give to service, the better the management team has to be. Trimming the fat corporately can't mean trimming the assistant manager. We have to do more policing now because there's absolutely no room for error." —*Frank Guidara, president, theme restaurant division, Restaurant Associates, New York*

■ "In the past in bad times people have had to have an escape. They keep going to restaurants and movies. There's no reason why that will change. People may trade down a bit, but they'll still eat out." —*Charles Haskell, operations chief, Lettuce Entertain You Enterprises, Chicago*

■ "I'm skeptical about downscaling—lowering prices for the sake of lowering prices. It just puts people in the same place they were before. If you're going to react to a downturn in business, you have to react with that which can be dramatically promoted." —*Michael Whiteman, The Joseph Baum and Michael Whiteman Company, New York*

■ "Everybody in the business world is kind of waiting for the other shoe to drop. The American psyche has been whipsawed lately. This has been a bizarre couple of months. It looked like the world was coming closer to peace and then things blew up with the S&L crisis, the budget and now it's the Persian Gulf crisis. We went so quickly from elation to nervousness. Hopefully things can get under control and everybody's conscience can get back on track." —*Dick Monroe, vice president public relations, Red Lobster, Orlando, Fla.*

■ "Full service will get competition from everybody. It's not like we're providing artificial kidneys and are the only one that hands them out." —*Michael Weinstein, Ark Restaurant Group, New York*

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EMPLOYEE FEEDING

Less doesn't mean worse: Better service and great food on limited menus will be the keys to handling shrinking subsidies.

1991 real growth: 1.0%
1991 sales: $17.277 billion
Market share: 6.7%
Units: 16,500

Operators are following a simple rule of thumb: If the service helps reduce the subsidy, keep it; if it adds to the subsidy, get rid of it, says Martin Cherneff, principal of M.H. Cherneff & Associates consulting, Monterey, Mass. This rule is simple. It's the application that gets tricky because businesses are diverse, and what works for one operation doesn't necessarily work in another.

That's why just about every trend we've heard about for B&I, including child care and convenience stores, has its proponents and opponents. But reducing the subsidy is a universal mission, especially if proposed legislation to tax employees for the "fringe benefit" of subsidized foodservice were to pass this year.

Operators are looking closer at sales receipts to determine what's hot and what's not. Items that have to be there but don't contribute much to the bottom line might be offered in a self-service format, says Christine Dozal, president of Dozal & Company consulting in San Francisco. At the same time, services such as demonstration cooking, customized salad making, and to-order grilling of upscale items are succeeding because the perceived value of the service is high and operators can charge accordingly, she says.

Self service on the rise. In addition to salads, soups, sandwiches, desserts and hot entrees (especially ethnics such as Mexican and Italian) are being set out and sold by the ounce.

The secret to successful self-service is making sure that the food is as appetizing for the 100th customer as it was for the first. "Self-service certainly takes labor," says Beryl Yuhas, of Beryl Yuhas & Associates in San Francisco, "But even though employees are running to keep the food stocked and looking good, at least they are free to do a variety of jobs, cross-duties, so to speak, and aren't tied up behind the counter. That makes for greater efficiency."

Catering to the clientele. Catering is considered one of the best revenue generators. If, as Yuhas suggests, the tradition of the executive dining room is on the wane, an increase in demand for catering could follow. Consul Restaurant Corp.'s contract management division has gone an extra step with catering in about four of its accounts. Several clients have agreed to allow Consul to cater events for public customers in the accounts' facilities on weekends and evenings. The proceeds from this "commercial catering" in turn help subsidize the accounts' employee foodservice.

Downsizing and new services. As portions of large kitchens are closed down either for lack of labor or fewer customers, new downsized services are emerging. Restaura, the foodservice management division of Greyhound Dial Corp., just introduced its RestauraMart, a convenience food store that can be run by two people. They are designed for accounts with several facilities located at distances and for companies with 500 employees or less.

Mobile carts are gaining in popularity as well. Carts, which come in simple to elaborate configurations (some have a complete grill), do a brisk business in everything from coffee and pastries to full-line, prewrapped lunch items. Most operators say the carts pay for themselves within a year. ***—Beth Lorenzini***

B&I FEEDERS PREDICT SUCCESS WITH BETTER SERVICE, TAKEOUT, PRE-MADE PRODUCTS

■ "Great service, in everything from the way the customer is greeted to making sure tables, chairs and salt and pepper shakers are clean, is what will distinguish the good operations. The only difference between a cafeteria and a restaurant should be that the customer carries a tray. Displaying food, fulfilling special requests, visiting with diners are just a few of the small details that will make the customer come back." *—John Nelson, vice president and division general manager, Consul Restaurant Corp., Minneapolis*

■ "I think we'll see a decline in the number of executive dining rooms in business foodservice. They are very expensive to run, and are very labor intensive—it will be hard to support them. On the other hand, takeout has great potential. We just need to find a good way to package items practically and attractively, complete with instructions, and to market the service." *—Beryl Yuhas, Beryl Yuhas & Associates, San Francisco*

■ "Customers' traditional perception of employee feeding is that it is their right to have all the benefits of a good foodservice at a low cost. I think that customers need to be made aware that subsidizing carries a cost, that free ice, unlimited condiments and free cups for vending machine sodas, for example, add up. Some companies are beginning to charge for these hidden expenditures—and are finding that after the initial grumbling, customers are willing to pay." *—Martin Cherneff, principal, M.H. Cherneff & Associates, Monterey, Mass.*

■ "The quality of the prepared foods we're finding on the market has really improved—you just have to know how to prepare and present the items well. I know there are die-hards who say that making items from scratch is the only way to go. But we have bake-off products that our customers think are scratch. If the customer is satisfied and it's costing you less in labor, who are you kidding?" *—Prescott Slee, director of hospitality services, Herman Miller Inc., Zeeland, Mich.*

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SCHOOLS

More schools ponder dropping out of the NSLP as labor and food costs rise and demands for accountability increase.

1991 real growth: 1.3%
1991 sales: $14.185 billion
Market share: 5.5%
Units: 89,000

The pictures being drawn of schools these days aren't filled with vibrant colors. As calls for higher taxes, tighter controls and greater spending cuts reverberate across the country, schools—including their foodservice directors—can find no quiet place to hide. In New York City, for example, Schools Chancellor Joseph A. Fernandez recently was told to slash this year's budget by 2%, or $94 million, and cut the budget for the fiscal year by $245 million. He says that the last place he will cut will be in the classroom.

The shouts aimed at school foodservice directors are demanding: Accountability! Foods more popular with students! Nutritious meals! Contributions to the bottom line! And no excuses will be accepted.

Nutrition vs. making money. Yet in some cases the demands are contradictory. "Many of us are talking out of both sides of our mouths," comments one director. "We're still saying we want to sell nutritious meals, but reality has us emphasizing our a la carte program because that's where we can make money."

The result? A steady erosion of the foundation of the school-lunch program. In fact, many schools in more affluent areas are seriously considering dropping out of the National School Lunch Program. If this situation weren't disruptive enough, far fewer districts are offering any kind of subsidy to the program—so food quality and service has started to decline as "saved" dollars are used to pay rising labor costs.

Revised guidelines: Can schools afford them? Pressures also are mounting on the menu front. Although most school foodservice directors have been cutting back on salt, sugar and additives in menu items for years, some fear that adhering to the Dietary Guidelines might put them in a further bind.

"It wouldn't surprise me if the government tied reimbursement to adherence to the guidelines," says one school foodservice director who requested anonymity. "And I'm afraid if we cut much more fat out of our menu items, we won't meet the calories requirement without adding another item. And who can afford that?"

All this has helped instill a fear in many directors that their programs will be taken over by contract companies, which also are looking to expand their market base and increase their incomes. The arguments haven't changed, but the conditions have. School foodservice departments are being held more accountable and contract companies often can provide cheaper labor—no small concern—and tighter controls.

More meal appeal. Yet school foodservice directors remain flexible. They're forming buying consortia, seeking new ways to make school foodservice more appealing and accessible to students, and unearthing ever-more-creative ways to increase their income. Schools now sport gourmet deli selections and many are offering more substantial lunches since their customers often don't get a traditional dinner at home anymore. Why not? Even in suburban areas, many children come from homes with working parents and little cooking is done during the week. So more children are now opting for such school-lunch menu items as turkey and mashed potatoes. ***—Susie Stephenson***

REPORT CARDS FROM SCHOOL FOODSERVICE DIRECTORS

■ "We're still going to have choices. People say to kids as they are growing up, 'I want you to make your own choices.' If you tell them that, then you have to offer choices. And you have to put good selections out there so whatever they choose is a good choice." *—Bernice Mayes, director of cafeteria services, Newark, N.J.*

■ "We can no longer be a multiple menu operation and keep our labor costs down. We'll be going back to simpler offerings, simpler concepts—not all the choices.

"Balancing the budget seems to be taking so much time. Dealing with personnel problems seems to be becoming an increasingly heavy load, too. Getting enough qualified people seems to be more difficult this year. And the paperwork and accountability seems to have risen dramatically." *—Joyce Levandoski, director of school foodservice, Rochester, N.Y.*

■ "I sometimes think that USDA fails to see that we're in the business of feeding kids, not paperwork and accountability. Certainly that goes with it, but a degree of tolerance has been lost." *—JoEllen Miner, director of foodservice, Minneapolis Public Schools*

■ "If anything will encourage school districts to opt out of self-management, it'll be that they can't pay for their own benefits.

"As long as we are not a contracted service, we have to offer a benefit package that is comparable to that of other employees in the district. The union contract—the teachers'—drives everybody else's wages. The school board's philosophy is if we give an increased benefit, we do it for everyone." *—Ruth J. Jonen, director of foodservice, Township High School District 211, Palatine, Ill.*

■ "We've been looking at the possibility of some group purchasing. We're a very small system. We serve only 4,000 kids. Procurement is really going to be the biggie this decade." *—Sandra Hudson, director of school foodservice, Meriwether County School Foodservice, Manchester, Ga.*

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When an unemployed hospital foodservice director recently went on a job interview, her appointment was not with the administrator or vice president for support services, as might be expected. Rather, it was with the facility's financial officer.

This new interviewing strategy illustrates the biggest trend occurring in hospital foodservice these days: financial accountability. As one director explains: "We're dealing with too much money and too many resources and taking enough heat on holding the line on costs that we must be businesspeople in order to survive."

New wave of cutbacks. Even though these words might have a familiar ring, today people are taking them more seriously. The first cutbacks have already been made. Gone are the unprofitable facilities, the unskilled foodservice directors. But more mergers and acquisitions—and nobody believes that trend is finished—will mean even good foodservice directors will lose their jobs.

But other health-care experts say that many hospital foodservice staffs have already been cut to the bone and that foodservice directors and hospital administrators will now further streamline present systems. For example, a hospital that's serving 500 late trays a week (all hand-delivered, all labor-intensive) needs to do more to its department than just cut employees.

Labor crisis continues. Finding employees to serve *any* late trays or work in the dish room, on the tray line or any other place in the foodservice department won't be easy. Almost every area of the country is being battered by the labor crisis, and foodservice is being hit particularly hard. When a hospital in Seattle recently placed a newspaper ad soliciting employees for the foodservice department, there were no respondents.

Foodservice administrators' conclusion: The pay needed to attract good employees just might not be there. "I worry that the discrepancy between the professional staff—the nurses and the therapists, for example—and foodservice employees will continue to increase," comments one director. "That doesn't bode well for us."

Rules and regs. Government regulations also cause hospital foodservice directors concern. "DRGs were just the beginning," says a director from the Southwest. "We're going to see more cutbacks in Medicare and Medicaid. Reimbursements will tighten. This will be coupled with some kind of socialized medicine—doctors working for a hospital or a couple of facilities."

Changes in service. Will there be significant changes in kitchens as well? There's little agreement on that subject. Some directors say that restaurant-style service will be the norm in 1991. People will be able to choose what they want and when they want to eat it. But they'll have to pay extra for extra conveniences.

Others say that their hospital's financial department would never accept such a difficult-to-track system.

Regardless how and when meals are served, almost everyone agrees that there will be less cooking from scratch.

Directors also expect a greater emphasis on quality. They say there will be fewer items on menus, but those will be made with higher-quality goods and prepared more carefully. —*S.S.*

HOSPITALS

The flow of blood hasn't been stemmed. Further funding cuts and more government controls will continue to wound.

HOSPITALS
1991 real growth: 0.0%
1991 sales: $11.386 billion
Market share: 4.4%
Units: 6,730

STAFFING, CUSTOMER SERVICE AND FOOD COURTS

■ "We've got to meet regularly not only with our administrative liaison but also our administrator. We've got to ask, 'What changes would you like to see in the quality of service? Are we spending too much?' If we don't do that—if we just do the same old thing—we'll be preparing things for a contractor." —*Wally Vette, director of food/environmental services, Memorial Medical Center, Las Cruces, N.M.*

■ "We're in the enviable position of volume growth so we're planning accordingly. We're opening new facilities and renovating old ones. Our catering business is growing by leaps and bounds.

"In the new cafeteria we've set up a food court with pizza, for example, and a stir-fry station so people don't have to wait on line. We're projecting a 10% to 12% volume increase for 1991 over 1990." —*Glenn Larsen, director food/nutrition services, Northwestern Memorial Hospital (ServiceMaster), Chicago*

■ "Hospitals will get into areas that they haven't been in to date. More people will be cared for in homes or day-care programs. There'll be a need to teach people how to take care of these patients. We've got the expertise to teach these skills; we will be [teaching these skills.]" —*Jill Gift, president-elect, ASHFSA, Council Bluffs, Iowa*

■ "I don't see us going to a tier system. I'm more likely to have a guest of a patient on tube feeding request a guest tray and announce that she's not paying for it since her husband isn't getting any food." —*Betty Lashier, manager of food/nutrition service, Mercy Hospital, Bakersfield, Calif.*

■ "My biggest concern is staffing. We're having trouble getting people who will last for a month. With the local unemployment rates and the salary that hospitals are paying, it's unbelievable that we cannot find staff. Whenever any of our people go into a restaurant, we hand out our business cards. 'You want a better job?' we ask. 'Come see us.'" —*Paul P. Marki, manager, nutrition and foodservices, University Hospital & Clinics, Columbia, Mo.*

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For hotel operators, the potential plus side to the economic downturn the country faces is a broader labor pool for hotel food and beverage operations. If the number of unemployed laborers rises, the ranks of potential F&B employees also will expand.

Employers often hard hit by the lack of quality laborers stand to do better in a down economy. "Out-of-work people from industries with perhaps better reputations as employers might tend to 'trade down' for hotel foodservice jobs," says Sean Handerhan, director of F&B marketing, Marriott Hotels and Resorts, Washington, D.C.

Consumer spending sets the mood. So much for bright news from the economic forecast. The public's tightened purse strings will affect both hotel dining rooms and banquet sales. "While we may not actually be in a recession, spending habits in the second half of 1990, particularly in banquet sales, suggest the onset of a self-fulfilling prophecy," says David Zadikoff, vice president of F&B, Hyatt Hotels, Chicago.

Operators, caught between lower customer spending and increased food costs, might look to some healthful food trends for help. "We don't use as many heavy sauces, which saves labor. Salads are easier to prepare than other menu items, too," says Dean Chininis, director of F&B, Ritz-Carlton Buckhead, Atlanta, Ga. He adds, however, that the cost of lettuce is rising with the cost of transporting it.

LODGING

Economic downturn might expand the labor pool, but money-conscious hotel F&B guests put the pinch on profits.

1991 real growth: 0.6%
1991 sales: $9.459 billion
Market share: 3.7%
Units: 25,700

Informal settings, ethnic combos. Casual hotel restaurants, regarding both design and menu, will continue to replace traditional three-meal dining rooms. However, operators will avoid flash-in-the-pan food trends and concentrate instead on mixing successful items from different ethnic cuisines. "Oriental and Mediterranean items have been very successful in 1990, and will continue in 1991," says Zadikoff. "Also, our food costs are not as high with these cuisines as with others."

Banquets on a budget. The banquet business—the other, more profitable, side of hotel F&B—already is feeling the economy's downturn. Meeting planners are much more careful with their budgets, often eliminating cocktail parties the night before a conference or event and sometimes letting attendees fend for themselves at mealtimes rather than including a banquet meal. "We will need to retarget our banquet audience," says Marriott's Handerhan. "If corporate meetings are down, for example, we should go after association meeting business; associations often meet to help their members cope with hard times."

To keep costs in line, many operators will keep such items as veal and lamb on the menu, but will forgo more expensive cuts such as tenderloins for less expensive rib chops and shanks.

Alcohol sales dry up. Maintaining beverage alcohol sales will continue to be a challenge. "We are in an era of neoprohibition," says Peter Hothorn, F&B director, Omni Hotels, Hampton, N.H., referring to increased anti-drinking legislation and heightened social awareness of drinking problems. Within this climate, appropriate options include flavored, sparkling waters and nonalcoholic beers. A wider selection of alternative beers and wine will appeal to customers who still drink, albeit less, alcohol. ***—Rob Townsend***

HOTEL HAPPENINGS: LABOR, COSTS AND TECHNOLOGY

■ "The culinary schools aren't giving their students a true sense of the effort required to work in hotel foodservice. It is a lot of hard work, some of it mundane, but all of it crucial to the business. Today's graduates want to be F&B director *tomorrow*. That is why we are developing our own labor pool; we recognize the talented ones and give them responsibility and guidance." *—Gavin Speirs, F&B director, Drake Hotel, Chicago*

■ "The majority of today's hotel chefs, F&B managers and general managers have not worked through a recession before. They have seen good times and the rapid growth of new properties, but they have not seen hard times. Corporations have to train their people to react quickly. The successful ones will manage their operations on a day-by-day basis, in the month for the month." *—Don Clawson, vice president of F&B, Radisson Hotels, Minneapolis*

■ "We have to concentrate on solid food that customers perceive as a good value. After all, a great burger is like a melody."*—Clark Wolf, F&B consultant for Loews Hotels, New York*

■ "Our food prices have risen about 5½% since the onset of the [Persian Gulf] crisis; distributors and manufacturers jacked their prices up immediately. If the recession continues or if oil prices continue to rise, food prices will be tremendously affected. Heating and air-conditioning costs will rise also, especially in larger properties. We will have to be very careful in how we increase prices." *—Peter Kleiser, senior vice president of F&B, Hilton Hotels, Beverly Hills, Calif.*

■ "We are testing the *sous-vide* process at several locations and I think it has potential. Buying *sous-vide* food from vendors means an obvious savings in labor and efficiency. Because it is easy to prepare, we can be more flexible in the employees we hire. The process also assures good food quality consistency." *—Sean Handerhan, director of F&B marketing, Marriott Hotels and Resorts, Washington, D.C.*

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COLLEGES & UNIVERSITIES

Foodservices deliver what students want—more choice in everything, from the food they eat to the way it's purchased.

1991 real growth: 0.2%
1991 sales: $7.651 billion
Market share: 3.0%
Units: 3,460

When an Arizona-based marketing firm asked college students across the nation what they wanted in their campus dining programs, the answer came back strong: flexibility. Colleges and universities that succeeded in the past with traditional meal plans now are finding students want to eat at different times, opt for a cash operation as a break from the dining hall, eat anywhere on campus, take food out and dine with friends who are not on a plan.

Cafeteria-style payment options. Flexible dining plans are flourishing—and hundreds of setups exist. Declining-balance debit cards, which allow students to buy food at any facility on campus (residential dining hall and cash operation alike), are especially appealing to commuters and other nonresident students. Meal-plan-plus-points systems give residential students who must buy a meal plan added points to use in cash operations at any time.

The investment in debit-card, multiple-meal-plan and meal-plan-plus-points systems is well worth the cost, says Wini McGuane, associate director of dining services at the University of California-San Diego. Not only do sales increase when students can eat when, where and with whom they wish, she says, but the computer hardware needed to implement various meal systems also can generate reports that give foodservices a good handle on demographics. Knowing the student population's habits makes purchasing and labor scheduling more efficient.

Multiple choice scores high. In addition to flexibility, students want choice. Creating branded concepts—both home-grown and commercial—is a trend that will continue.

Many operators choose to bring in well-known commercial chains to capitalize on the name recognition. Also, rather than try popular but sophisticated ethnic foods such as Asian on their own, operators are looking for commercial chains that specialize in those cuisines.

The logistics of contracting with any kind of chain vary. University of Southern California foodservices, for example, opted to become a franchisee of Carl's Jr. rather than simply to lease space to the chain. Susan Wilkie, director of foodservice, says that decision was made because the department is committed to self-operation and Carl's Jr. was the customers' chain of choice. USC is realizing a 12% to 15% contribution to the bottom line by running the unit themselves.

Purchasing power. Cost-plus buying is becoming a norm. Operators make a deal with a single primary vendor to buy the bulk of the goods needed for the vendor's cost plus a set percentage. The larger the school, the lower the percentage. Cooperative buying dovetails with cost-plus as colleges and universities team up with nearby schools, campus medical centers and local businesses to combine purchases and reap the cost savings of volume buying.

Extracurricular revenue sources. Catering, mobile carts (to sell hot dogs, coffee and baked goods, tacos, and popcorn, for example), self-operated vending, convenience stores and pizza delivery are just a few of the services operators look to generate extra revenues. These services not only help increase sales, but enhance foodservice's image as a service entity. —*B.L.*

TRENDS AND PHILOSOPHIES ON CAMPUS

- "Taking five years to graduate is becoming the rule rather than the exception. What that means to us is that we have a whole new market of students who, by that fifth year, are living off campus and are very sophisticated in their tastes. Flexible card systems will allow us to gain that market." —*Burr Jackson, director of campus food services, Indiana University, Bloomington*

- "I've heard a saying that in the past, college foodservice moved at two speeds, glacier and continental drift. Today, we can't even get enough information from our own segment to keep up with customer demand. We have to look to other institutional segments, restaurants and chains to find out what we need to do to fill customers' needs." —*Frank Gladu, director of dining services, Vanderbilt University, Nashville, Tenn.*

- "I was told that, when going for branded concepts, bringing in a 'real' chain can increase sales by as much as 40%. That's how much impact name recognition carries." —*Mike DeRousse, director of campus foodservice, University of California-Santa Barbara*

- "We have to project what our room, board and tuition increases will be for the following year in the spring. If our projections are wrong, the consequences could be dire. If a restaurant's food costs go up during the year, they can raise menu prices. We can't do that easily. Our institutional customers, who come in day after day, are very aware of price fluctuations, and they frown on increases. So we learn to get really good at manipulating the menu." —*Peter Eckel, manager of Food Stores, Michigan State University, East Lansing*

- "If my administration is going to ask me to do more with less, and increase my contribution to the institution, then I need the revenue opportunities to fulfill those requests. Fortunately for me, my administration supports this philosophy. Exclusive catering rights is one example." —*Jerry Mimnaugh, director of foodservice, San Jose State University*

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MILITARY

Budget cuts force military foodservice operations to develop attractive marketing schemes and money-saving strategies.

1991 real growth: 0.4%
1991 sales: $5.908 billion
Market share: 2.3%
Units: 3,320

Military foodservice is facing most challenging times. Field operations are getting their first test in several years under true combat conditions in the Persian Gulf. Meanwhile, economic conditions at home have led to budget cuts and losses in appropriated funds, forcing foodservice personnel to focus on reducing costs or producing revenue.

Since last fall, attention has been highly focused on supporting troops involved in Operation Desert Shield in Saudi Arabia. Meals Ready-To-Eat (MREs) for mobile units in advance positions have been accounting for up to two meals a day. As positions have stabilized, however, kitchens have been able to serve more hot meals—as many as two a day.

Back in the United States, all branches of the military are looking for ways to enhance productivity as budget cuts affect foodservice operations.

Non-food expenditures slashed. According to Maj. Ken Lasnier of the Marine Corps Food Service & Subsistence Section, cuts of up to 25% will shrink operation and maintenance budgets. While some plans to upgrade permanent locations will be dropped, he says, most Marine Corps structures are in good condition today. The impact will not be as drastic "as long as we use our money smartly," says Lasnier.

Maximum calorie counts enlisted. On military menus, the trend toward more nutritious offerings continues. The Air Force's new worldwide menu, for example, includes items marked SLIM (Sensible Limited Intake Menu). SLIM is part of a new Air Force requirement that 1,500-calorie maximum menus be available at each meal. The menu also includes a low-cholesterol egg recipe, more broiled and baked fish entrees and an expanded breakfast bar with lighter alternatives.

The Army Center of Excellence, Subsistence, Fort Lee, Va., is revising recipes to cut back sodium and fat. More fish and poultry and low-calorie dressings are among the changes. New oatmeal bread recipes have been added to increase fiber. At new carryout dining facilities, healthful options such as broiled chicken sandwiches, salads, yogurt and fruit are available.

Clubs track civilian trends. In the club systems, loss of funds is making it critical for operations to produce a profit, or at least break even. The Air Force has developed a cost-effectiveness team that travels the world, making recommendations and implementing cost-savings ideas on the spot. The Navy club system is imposing rigid financial performance standards, mandating a 60% gross profit on food operations.

Ronald C. Barnett of the Army Community & Family Support Center expects an increase in the number of home-delivery services and continued focus on catering operations as major revenue producers.

The evolution of the club system also means further movement away from traditional rank-segregated clubs and toward commercially designed concepts. The Navy Morale, Welfare and Recreation Division launched a pizza and pasta concept called Parcheezi's last fall at the Naval Air Station Moffett Field, Calif. Plans call for a Tex-Mex operation, also Navy designed and operated, to open in the summer of '91.

—*Jeff Weinstein*

MILITARY STRATEGIES: CUT COSTS, BECOME SELF-SUFFICIENT

- "The biggest challenge in Operation Desert Shield is the 8,000 mile distance and our ability supplying and sustaining forces with food. The desert environment does funny things with equipment. Also, learning field sanitation skills has been a real challenge." —*Maj. Ken Lasnier, Marine Corps Food Service & Subsistence Section*

- "Upon completion of a customer-care training program for a Navy-wide awareness and image marketing initiative called 'First For Fun,' each employee will receive a certificate of completion and become eligible for the local employee awards program. The payback to the employee will also include a greater sense of pride in having the tools with which to do a better job." —*Ed Pratt, Navy Morale, Welfare and Recreational Division*

- "We're developing more sophisticated nightclub entertainment operations, including a sports bar and a high-energy nightclub at a submarine base in New London, Conn. We're looking for facilities that will target the 18- to 25-year-old single sailor." —*Larry Kelly, Director, Navy Morale, Welfare and Recreational Division*

- "We are developing a marketing strategy with a theme and logo to promote nutrition awareness. Table tents, menu stick-ons and fliers will be used throughout the Air Force to call attention to healthy menu items." —*Lt. Col. Patrick D. Eagan, Air Force Engineering & Services Center*

- "We are monitoring the civilian world so troops in our dining halls have the same choices they would have in any downtown in America." —*Loraine Salerno-Sorensen, Supervisory Home Economist, Army Center of Excellence, Subsistence, Fort Lee, Va.*

- "Overall, clubs in the U.S. will no longer receive federal subsidies. As a result, in many instances, food prices and other charges will increase. It is likely that there will be fewer clubs overall." —*Ronald C. Barnett, Army Community & Family Support Center*

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RECREATION

Theme park giants face a rough ride, thanks to travel uncertainties; but local fun such as bowling and sports should continue strong.

1991 real growth: 1.6%
1991 sales: $4.176 billion
Market share: 1.6%
Units: 30,600

Amusement-park wisdom has it that two things boost attendance: a strong economy and major new attractions. If that's so, park operators large and small might be headed for a bumpy ride in 1991. New big-name attractions are scarce, especially down in the heart of park-ness, Orlando, Fla. What's more, a serious crisis in consumer confidence in the peak vacation-planning months could lead to a lot of curtailed or canceled travel in the summer of '91.

Magic Kingdom under siege? Disney World opened MGM Studios in '89, and "Star Tours" and a new Muppet character park in 1990. But now, with Euro Disneyland set for a '92 opening and California's Port Disney not even in the permit stage, Disney embarks on a stretch of several years without a splashy new opening.

That fact, combined with the prospect of rising unemployment and the effect of Iraq-nophobia on gas prices and air fares, has set analysts to worrying about the company's park traffic in '91. With some reason: While Disney's theme parks and resorts business generates half the company's revenue and almost two-thirds of its total operating profit, the division saw only a 0.6% rise in operating profits in fiscal '90. Parks traffic was flat to down this past summer, perhaps 5% lower than 1989's gate. Per capita spending at the parks rose—but so did the cost of a four-day admission pass.

Universal troubles. Just down the road from Disney World, its long-awaited rival, the $630-million Universal Studios Florida, opened in June with a handful of important rides that refused to work. (The shark from *Jaws*, for example, kept ramming excursion boats full of visitors.) The result was that Universal, which hoped for admission of 5 to 6 million in its first year, started handing out a free ticket with each paid admission soon after opening day to mollify disappointed visitors. Executives said all the rides should be ready in '91.

No. 3 park power Knott's Berry Farm plans to open Knott's Camp Snoopy in the country's largest shopping mall, now under construction in Bloomington, Minn. This will be one of the largest indoor theme parks in the world; but it will not open until September '92.

Like Disney, Anheuser-Busch saw its theme park revenues down in third-quarter fiscal '90. Shortly after buying out the parks division of Harcourt Brace Jovanovich, Anheuser-Busch closed down Boardwalk & Baseball in Orlando, Fla.; last summer it cut the staff of the Dallas Sea World by 60%. In '91, Sea World Orlando visitors will be able to follow a visit to Shamu with a tour of a working brewery.

Fun closer to home. Speaking of beer, the bowling revival seems to continue apace. In fact, if hard economic times do set in, many analysts look for venues like bowling alleys and sports arenas to do even better than in recent years, since they have a relatively high perceived value as a family evening out.

The same can't be said of theatrical films, however: Movies might have entertained the country during the Great Depression, but they weren't charging up to $7.50 a head—*without* popcorn—at the time, and they didn't have cable and the VCR as competition. Film attendance was off 8% in 1990. ***—B.Q.***

UPSCALE ARENAS AND OLDER PARKS

■ "More and more amusement parks are facing the graying of America and the growth of a new young-child market; on the other hand, they see the dwindling of the teenage/low-20s market, the typical thrill-ride customers. So they're spending less money on rides and luring back the older people, the grandparents with kids, with shows and free stuff or single-admission entertainment. They're also spending more on their food operations. Instead of simply having six food booths, many parks are converting old merchandise areas into full-service restaurants. Some are even building whole new facilities. And they're serving a lot of health-oriented foods, low-fat and low-cholesterol items, substituting frozen yogurt for premium ice cream and serving more bottled water." *—Tim O'Brien, Southeast region editor,* Amusement Business

■ "We've upscaled several foodservice operations in [New Jersey's] Meadowlands Arena to look like branded concepts, with their own logos. For example, the arena has six Frankworks where you get essentially the same frankfurter as before—but it's on a seeded roll and comes with any kind of topping imaginable.

"We also have Primo Pizza and Blue Ribbon Burger, where the burgers all have names and are larger than before. These are recognizable products; they have lots of color photo signage and appear in more than one place around the facility. They have identities for the customer and enhanced price/value that justifies a higher price." *—Bob Smith, vice president of marketing, Harry M. Stevens, Cranbury, N.J.*

■ "While bar and lounge receipts were up slightly in the last year, I honestly don't expect that to continue in '91. To combat that, we're doing a lot more food promotions and expanding our restaurant operations. We'll also have a customized kids' meal program rolling out into all our bowling centers, with free bowling as a prize and a box that looks like a bowling bag." *—Tom Savvides, vice president of food and beverage, Leiserv Inc., Skokie, Ill.*

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NURSING HOMES

Legislation requiring nutritional assessment of new patients forces changes in dietary services and costs.

1991 real growth: 2.1%
1991 sales: $4.088 billion
Market share: 1.6%
Units: 15,325

LIFE CARE & ELDER CARE

1991 real growth: 2.5%
1991 sales: $1.019 billion
Market share: 0.4%
Units: 4,275

In response to OBRA, the new federal patients' rights legislation, many nursing homes are radically changing staffing and production patterns for delivering foodservice. One exception is in California, where the state agency is refusing to pay providers to comply on the grounds that OBRA creates unacceptable financial strains.

OBRA, known formally as The Ombudsman Reconciliation Act and which took effect last October, requires nursing homes to perform a thorough nutritional assessment of patients within four days of admission. At a time when registered nurses and dietitians are in short supply, particularly on the East Coast, some institutions could be cited for noncompliance because they cannot find enough qualified staff to perform the assessments.

More choices for patients. OBRA gives patients more latitude to decide not only what, but where and when they eat. "It's affecting many areas of our program," says Marianne Sobkowiak, a regional administrator for The Hillhaven Corp., Tacoma, Wash. "Taken to the extreme, we could be feeding patients on demand 24 hours a day." Still, she and her staff are looking at the new legislation positively, using it as an opportunity to market dietary services more actively.

One concern is giving patients choices while making sure their diet is nutritionally adequate. For example, when a patient chooses to sleep in and have a lighter breakfast than was served earlier to other patients, those lost calories must be made up later in the day in the form of a snack or heavier meal.

Too, more people might choose to eat in their rooms, not only hurting foodservice efficiency but depriving residents of exercise and socializing opportunities important to their health. To encourage them to leave their rooms, some institutions will set up a dining area in each wing of the building, with microwaves available to reheat items.

More regulation seen. Other segments within the continuing-care market could someday be regulated as strictly as nursing homes. "Recent studies by congressional committees focused on standards for assisted-living centers," says Policy Analyst Susan Pette. She says that the cost of operating assisted-living centers would go up, but federal reimbursements, for instance Medicare, might not rise.

For this reason, many companies might be reluctant to move into the life-care field even though demand will burgeon in the next few decades. The Seiler Corp.'s Richard Spratley says, "There is a question of whether individual investors will be willing to put money in bricks and mortar in the face of more stringent regulation." He thinks hospitals, especially nonprofits, are most likely to branch out into nursing homes and other services to the elderly. *—Toni Lydecker*

BEAR MARKET FOR LIFE-CARE SERVICES

■ "Because of food costs, we're trying to prepare as much from scratch as possible. We've looked at pre-prepared puréed products, but with the number of people we have on those diets, we're better off making them ourselves. We've put food processors and steamers in all our facilities, which allow us to do batch cooking closer to mealtime. We're looking to streamline the tray line, so some dishes go on the tables and the main dishes are sent out waitress style." *—Marianne Sobkowiak, Midwest Dietary Services manager, The Hillhaven Corp., Tacoma, Wash.*

■ "OBRA is a double-edged sword for contract companies. It calls for a greater degree of professionalism in dietary care, but on the other hand, it will increase staffing costs. We think nursing homes will turn to companies like ours for that expertise and for the management controls to offset extra costs." *—Richard Spratley, regional vice president, The Seiler Corp., Waltham, Mass.*

■ "A lot of investors are waiting to see if there will be more government funding of long-term care services. But the way it looks now, it's more a matter of holding on to current funding levels." *—Susan Pette, director of health policy, American Association of Homes for the Aging, Washington, D.C.*

■ "Rather than nursing aides, we could have foodservice employees doing some feeding of patients. This would make sense because they are the people with food expertise. And it would give nursing homes another way to get input from patients." *—Jill Giff, president-elect, American Society of Hospital Food Service Administration*

■ "I predict that within five years people who can afford private care in nursing homes will find they can afford care in their own homes. Already, homemaking services have foodservice professionals on their staffs to provide Meals on Wheels programs, and foodservice management companies could move into this area." *—Hugh O'Reilly, director of dining services, Johnson & Wales University, Providence, R.I.*

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SUPERMARKETS

Supermarkets add to refrigerated self-service entree sections, hire corporate chefs and build sit-down restaurants.

1991 real growth: 7.5%
1991 sales: $2.742 billion
Market share: 1.1%
Units: 5,420

In the early 1980s, supermarkets suffered decline in retail sales and blamed it on competition from food-away-from-home outlets. Then they got smart. They saw the demand for easy-to-prepare meals and put money into deli sections, prepared-food sections (both hot and cold) and in-store bakeries.

Today, 91% of supermarkets have service deli departments; 19% have sit-down eating areas; 38% have salad bars and 32% have soup bars, according to the supermarket trade publication *Progressive Grocer*.

Compounding interest in prepared foods. Small and large supermarkets alike are expanding delis, bakeries and takeout sections, devoting more square footage than ever to such areas. Supermarket executives identify these departments as the most lucrative in the stores, accounting for as much as 10%-15% of revenues in some stores. Bill Baffes, owner of the independent County Fair supermarket in Chicago, recently expanded his deli department and added an in-house bakery. "The deli department used to bring in only about 5%-6% of sales. Now during the slower winter months, it accounts for 10%, and next summer I expect it may hit 15%," says Baffes.

Consumer rush on convenience. Supermarket foodservice success is due in part to consumer desire for convenience. Faced with more time constraints, people are seeking ways to ease their busy lives. Takeout, home delivery and drive-thru have thrived in this atmosphere, and supermarkets are reaping the benefits of this trend.

"A lot of people come in and purchase our food instead of going to a fast-food outlet," says Jim A. Santiago, chef for V. Richards grocery in Brookfield, Wis. "Single people and two-income families will grab refrigerated prepared entrees for two to three days ahead."

More than macaroni salad. Traditional service deli foods have expanded to include more exciting items like curried chicken salad and blue cheese potato salad. But the trend is toward self-service because customers are less and less willing to wait for service. Chilled prepared takeout dinners that are easy to microwave win top billing. V. Richards offers a number of these entrees, including a variety of Mexican dishes, prepared fish entrees and Oriental offerings.

Personnel investments. More supermarket chains are hiring chefs to head fully stocked foodservice kitchens in an effort to upgrade deli offerings and lure people away from traditional restaurants. Many new stores are including sit-down restaurants in their floor plans in addition to deli-bakery sections.

Fighting bacteria takeovers. Improving food safety is one challenge supermarket delis face. Delis have traditionally been staffed by relatively untrained personnel with little to no training in sanitation. Recently, the media has been paying more attention to the potential for food poisoning in salad bars and deli cases. "I think having trained chefs heading deli departments will help to diminish that problem," says Santiago. He says he trains the staff in food-safety procedures and dates all refrigerated entrees so that they are pulled after four days.

—Nancy Backas

SUPERMARKET FOODSERVICE BRINGS IN THE BUSINESS

■ "At the last weekly managers' meeting I found out we had the highest sales in the store. Our volume increases as we add new entrees to the deli department. And we are doing a lot of business at lunch and dinner in the loft cafe that is priced for both low- and high-end customers." *—Jim A. Santiago, executive chef, V. Richards, Brookfield, Wis.*

■ "Last year our service-only deli business grew by 18%, and it has grown even more this year, much more than we expected. We had a major expansion three years ago and now we are stretching for space. We have to utilize evening production to keep up with the demand. We may have to build up like a mezzanine to accommodate the increased need." *—Carol Moore, director of foodservices, West Point Market, Akron, Ohio*

■ "It's unbelievable how quickly we have seen a return on our investment. We just remodeled our store and expanded the deli department in October and already it accounts for 10% of sales." *—Bill Baffes, owner, County Fair, Chicago*

■ "Supermarkets that are the innovators are the ones hiring chefs. Most people running grocery stores started in the business when most of what they sold were dry goods and raw materials. They don't know how to sell prepared foods. Who better to help them but a trained chef? And chefs help stem sanitation problems. How can they have sanitation knowledge when they don't have food-handling knowledge?" *—Marc Waltzer, Marsh Supermarkets, Yorktown, Ind.*

■ "Refrigerated entrees are growing in popularity the most. People want to take it home, enjoy it in their own setting at their own convenience. Sixty-three percent said they bought partially prepared entrees in 1986; in 1990, it jumped by 20 points to 83%. Those 65 and older and single people are most likely to take out food from supermarkets." *—Edie Meleski, manager of communications, Food Marketing Institute*

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TRANSPORTATION

Rising fuel prices mean higher costs, tighter controls on foodservice and severe cutbacks for the nation's airlines.

1991 real growth: 1.1%
1991 sales: $3.367 billion
Market share: 1.3%
Units: 155

No foodservice segment has been more affected by the Gulf crisis than the airline industry. Fuel prices hit $1.20 a gallon in November, nearly triple what they were before Iraq's invasion of Kuwait.

Collectively, domestic carriers have recorded their poorest showing in history. Losses for 1990 are predicted to hit $1.5 billion to $2 billion, double those of 1982, the worst year to date, when operational losses totaled $733 million.

During the last three months of 1990, costs per trip jumped 15%-16%, says Daniel Hersh, a Denver-based airline analyst with the securities firm Bateman Eichler, Hill Richards.

Food's value as a variable. Escalating prices and devastating losses have put greater pressure on management to cut services. In a business where some costs can't be controlled (i.e., fuel), you make it up in areas where you can, says Pat O'Brien, United Airline's vice president of foodservices. "Food costs are expected to increase 5% to 5½% this year. I can't control the cost of strawberries. But I can decide whether to put them on the plane."

Most hope the crisis will be short term. To that end, they are setting their sights on future trends. United, American and Northwest are handling more fresh prepared products vs. frozen entrees. Meals will be lighter, with less cholesterol, fat and sodium. The trend itself is not new, says O'Brien. But given an aircraft's environment and resources, it's a difficult trend for airlines to implement.

Three or four years ago, only 10%-20% of passengers would opt for light fare, says Gary Franson, senior director, system food service for Northwest Airlines. "Now, 50% of the first-class passengers want it," he says.

Menu experiments. Airlines are experimenting with pasta offerings, more hot and cold entree choices for breakfast and dinner, and healthful items such as fresh fruit, grain cereals and yogurt. Northwest breakfast flights supplement the traditional omelet with french toast made with whole-grain bread or raspberry crepes. In an innovative test, some American flights are offering single-serving cups of I Can't Believe It's Yogurt frozen yogurt.

Recession bails out labor plight. Airlines also face the specter of higher labor costs, which vary widely, depending on catering locations. However, turnover appears to decline in tandem with the rise in unemployment in certain cities, says Franson. It's evident in places such as Boston, he says, "and, as people stay in jobs for longer periods of time, we get more consistent service from caterers."

The chief challenge facing airline caterers is adapting to each airline's changing requirements, says Jim Long, vice president and account executive, Dobbs International Services. "I think once this crisis is over, airlines will go back to using foodservice as a marketing tool and competitive edge," he says. "Some airlines already are doing fun things such as baking cookies on board and letting the aroma drift throughout the cabin."

Environmental concerns and recycling also plague airlines. Throw-away plastics are giving way to reusable varieties with a 20-time use factor, about the same durability as ceramic plates and cups. ***—Barbara Magan Dawson***

OPERATORS EXPECT SATISFACTORY LANDING DESPITE TURBULENCE

■ "I think that, as we grow, the speed with which we have to meet the consolidation taking place within the industry is dramatic. Our ability to support all our diverse geographical locations, logistically, is a bit daunting. Today, we're serving routes from Bangor to Bangkok. We have to get all those meals, knives, forks and spoons to each and every location. We have the logistical umbilical cord to make that happen. But the challenge becomes even more heroic as we spread into Europe and beyond in the '90s." *—Pat O'Brien, vice president of foodservices, United Airlines, Elk Grove Village, Ill.*

■ "A year ago, I might have had a different response to the labor question. Then, it was very, very tight. Turnover was as much as 200% to 300% in some catering locations. Today, higher unemployment rates are stabilizing the work force in some places. People are staying in jobs longer. That's to our advantage." *—Gary Franson, senior director, system food service, Northwest Airlines, Egan, Minn.*

■ "There's no relationship between oil prices and foodservice other than the pressure it puts on management to cut costs. On the flip side, those carriers which are growing fairly strong in the international market, Delta and American, will continue to upgrade foodservice to compete with foreign airlines. Foreign carriers are perceived by American travelers to have a better product." *—Daniel Hersh, airline analyst, Bateman Eichler, Hill Richards, Denver*

■ "Foodservice is one of the few ways airlines can differentiate between each other. But so little has happened. Menu selection, ingredients, presentation aren't any better today than they were 10 years ago, particularly in coach class. Competing for customers with upgraded meals and the cost efficiencies of doing so are counteracting pressures that have always been there. I don't see that changing. But those pressures are compounded by the current economic situation." *—Robert Patterson, Laventhol & Horwath, Philadelphia*

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CONVENIENCE STORES

Operators learn to bypass broad food trends and instead pay greater attention to regional and demographic preferences.

1991 real growth: 3.3%
1991 sales: $2.768 billion
Market share: 1.1%
Units: 57,000

The seat-of-the-pants approach of the 1980s toward developing, implementing and managing convenience-store foodservice will give way in the 1990s to a more thought-out, disciplined style. In the current economic climate, it's just too expensive to make mistakes.

There is too much diversity to really classify what is happening in c-store foodservice. More operators are adding deli cases for made-to-order sandwiches, but trends are almost nonexistent. Operators are wising up and resisting experimentation with whatever is touted as the latest hot food item. A motto for 1991 might be: "Whatever works for you."

Local preferences win. "One of the problems has been that c-store operators have been reading articles about new menu items and then everyone decides to try them. That is not the answer. It only confuses the customer as to who you are," says Steve Sheetz, president of the 154-unit Sheetz Convenience Stores chain, Altoona, Pa. "It doesn't matter what's going on 500 miles from here. Don't go searching out those panaceas you may think exist," says Sheetz, who is also serving as Chairman of the National Association of Convenience Stores. He suggests instead local surveys and focus groups that introduce c-store operators to their customer bases.

Adventures in cook-chill. Perhaps the most adventurous course for c-store foodservice is being charted by Wawa, Pa.-based Wawa Food Markets. Director of Marketing Lee Smith says the chain plans to convert all 475 stores to cook-chill by January 1991 and introduce a line of hot lunch and dinner entrees.

Why cook-chill? Smith says it is the safest and most sanitary way to prepare food today. Employees won't be exposed to open flames or grills, preparation is simple and the methods of food processing will be consistent regardless of offer or location. Perhaps most important, it gives operators the ability to expand their menus in a store area with limited space.

"For the first time, this technology will enable us to sell what the customer wants, as opposed to selling what we can make," says Smith.

Other Wawa plans for 1991 include the introduction of the Breakfast Bagel—an egg, cheese and meat sandwich wrapped in a bagel. Wawa's "Fresh Buffet" line of fresh, ready-to-heat chilled meals will be rolled out systemwide this year.

Circle-K, 7-Eleven efforts lag. At the other end of the spectrum are these chains, saddled with debt and financial trouble. Industry analysts expect them to pull back on foodservice in order to reduce labor and equipment expenses.

Will gas stations join the race? Somewhere in the middle lie the major oil companies, such as Arco, which have the financial resources and knowledge to implement top-notch foodservice programs. But will they want to dabble in foodservice when the oil game can be so profitable? If the Gulf crisis persists, driving oil prices up and profit down, some experts believe there will be pressure to recover margins by getting more involved with foodservice. If the crisis is resolved and oil prices drop, it remains doubtful whether oil companies will make the big leap. *—J.W.*

C-STORE LEADERS PINPOINT STRENGTHS, WEAKNESSES

■ "The biggest weakness in the c-store industry is a good breakfast program. We're trying to improve ours and come up with a good product selection. We've tried to duplicate the Egg McMuffin and even opened our own Mister Donut so we could distribute fresh baked goods to our convenience stores. That didn't work because of high overhead. Experiments continue in this area. We're looking for something that is easily prepared by store employees." *—Kevin Fox, president, Sugar Creek, Rochester, N.Y.*

■ "People look at the ills of Southland and Circle K and decide the bloom is off the convenience store plant. But the downfall of two companies has nothing to do with anything other than the fact they may have been overleveraged or oversized from a management standpoint. I see tremendous opportunity in growth and profitability. Midsize regional chains will continue to grow, especially north of the Mason-Dixon Line, where c-store density is nowhere near the level it has reached in the South. The shakeout will be among small independents who haven't reinvested in their stores or people." *—Dan Spener, c-store chain foodservice marketing consultant, St. Louis*

■ "Consumers' image of c-store foodservice is poor. The leading reason for the bad image is that execution is poor in so many locations. It is inconsistent and often unsanitary. Presentation and merchandising is crude. Too many items are substitutions due to inventory problems. When operators finally make up their minds to devote enough time and commitment to learn to execute, then they can go somewhere with foodservice. In the meantime, hopefully they won't drive away customers." *—Tom Campbell, president, C-Store Concepts, Plano, Texas*

■ "Operators continue to install deli cases and sell fresh sandwiches. I see things continuing in that direction. Some are into pizza but it's not a big thing from what I can see." *—Al Davis, senior vice president of operations, White Hen Pantry, Elmhurst, Ill.*

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CATERERS

Caterers' customers keep prices down with creative menu substitutions, self-serve formats and smaller portion sizes.

1991 real growth: 7.5%
1991 sales: $3.559 billion
Market share: 1.4%
Units: 32,100

Living up to its reputation as the "recession-proof segment," catering is projected to grow over the next year. That growth will by no means be uniform, however. Operations in the Northeast, especially those with clients in the hard-hit financial and government sectors, are most likely to be in trouble. Many high-end caterers also report that cancellations are up and bookings are down; some of their business is going to contract companies and others able to offer lower-cost alternatives to the lavish parties of the past. At the same time, many operators in the Midwest and West say business is strong, or has slumped only moderately. In some southern states, rising oil prices have rejuvenated the party business.

Customers cutting costs. In all regions, customers anxious to control costs are shopping more carefully for catering services. Tired of high Manhattan prices, a New York company recently employed a Long Island caterer because it cost less, even with higher delivery charges. And before signing an agreement, customers are negotiating harder and sometimes opting for smaller portions, cheaper menus and cutbacks in serving staff.

Creative menu options. Operations Director Bill Koch says customers of Boston-based Creative Gourmets are cutting back on menus. They might eliminate the appetizer course or, in lieu of unlimited shrimp, request one per person, to be passed in the last half-hour of the party.

Creative menu substitutions help trim costs. "Inside round of beef can taste just as fabulous as tenderloin, and there is a cost difference of $3 to $4 a pound," says Chicago caterer Carlyn Berghoff. Other economies: changing bar offerings from premium to standard, or to beer and wine only; eliminating cordials; going light on floral arrangements.

Pared-down service. Self-serve formats, whether the food is elegant hors d'oeuvres or subs, also keep costs down. Duck Duck Mousse suggests a "dropoff cocktail party" to Los Angeles customers who balk at paying service costs. Creative Gourmets recently added heat-and-serve hors d'oeuvres to its Food to Go program, which gives businesses a modestly priced way to put on a business luncheon or afternoon party. It is also offering butler or bartender service to customers who want a happy medium between self-serve and full-service.

The overhead advantage. Caterers typically have lower overhead costs than restaurants, which must keep their doors open whether business is good or bad. Those who operate a fleet of trucks are concerned about high gasoline prices, though. Contractors such as ARAServe, Philadelphia, have an added advantage: The company's Classic Fare catering division borrows facilities and labor from executive dining or hospital accounts during their down times. Helping out with catering is considered part of the job, but chefs and other managers are compensated through the company's bonus plan.

To compensate for lower event tabs, some caterers will market corporate day rates, predicts Michael Roman of the National Institute for Off-Premise Catering. That is, they will bid competitively to cater all meal functions for an event that lasts a full day or more.

—T.L.

CATERING TO THINNER WALLETS

■ "The gourmet caterers are forcing the market into our laps—customers are switching to us because we're the price/value caterers. We're going after business we let others handle in the past. . . . Regional menu differences? There aren't any. Americans are as homogenized as a bottle of milk." *—Paul Quintavalla, director of marketing, Classic Fare, ARAServe, Philadelphia*

■ "Our sales were up 25% over last year until the invasion of Kuwait, when they flattened out. In the Washington area, everyone is feeling the same pinch—we're having to shave profits to do events at the price customers want to pay. But caterers still have an advantage over restaurants, because we can establish a price with each client and then work within it." *—Henry Dinardo, owner, Windows Catering Co., Rosslyn, Va.*

■ "The '90s will belong to anyone who can show the public they have affordable catering. That doesn't mean cheap, but it does mean cheaper." *—Michael Roman, president, Off-Premise Catering Institute, Chicago*

■ "Customers want simple elegance without frills. Theme parties are way down, because of cost. Eclectic menus with a little bit of Asian, a little bit of Italian and so on, are in. The hors d'oeuvres can't just look pretty—they should have earthy tastes, so people go, "Wow," when they take a bite." *—Aleta Parrish, owner, Duck Duck Mousse, Los Angeles*

■ "I think the news reports about a recession are exaggerated. In October we had the biggest month in the history of our business, and I just added three new people. I've even booked a decent amount of business for January, when things can be so bad sometimes you wonder whether the phones are working. Caterers in the Midwest might be in better shape than most because we tend to operate conservatively. I'm very careful about making capital improvements, for instance." *—Carlyn Berghoff, Carlyn Berghoff Catering, Chicago*

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CHILD CARE

Strapped for quality employees, corporations and institutions are finally starting to address the child-care issue.

1991 real growth: 2.2%
1991 sales: $2.607 billion
Market share: 1.0%
Units: 28,200

It's hard to argue with the concept: providing care for the children of working parents. But while many institutions and companies have given lip service to the concept, few have even incorporated the federal tax benefits into their benefit programs, much less made affordable child-care services available at the workplace.

The lack of support has been devastating. Although no one can place an accurate total on the amount of time "lost" on the job by parents juggling work and home responsibilities, everyone agrees it is high.

Hidden costs of home child care. The tug on one's time is often highest among parents who choose to leave their children with neighborhood mothers and, therefore, run the risk of having to jury-rig alternatives. And in many states such home-care operations are starting to clash with local zoning laws, as town building inspectors inform these mothers that they are illegally operating small businesses in residential areas. Additionally, the food served is usually whatever the mother in charge would have been serving to her own child anyway, with no way of telling if it fits USDA guidelines.

Zoning incentives. While no one expects in-home child care to disappear, there does seem to be a trend toward more formal child-care programs these days, many of them on site. Cities such as Seattle and Boston are even using zoning incentives to encourage builders to provide child-care centers for the young children of office workers.

Public-school involvement. Other communities are taking a hard look at an experiment in Independence, Mo. That city is trying to redefine its public schools by broadening their mission to include child care and other services.

Child care via contract management. "I see the day-care business as a classic case of supply and demand," says Marguerite W. Sallee, president of Corporate Child Care, which Marriott formed in 1989 to serve both as a contract child-care provider and consultant for businesses looking to set up child-care programs. "Until now, less than 10% of child care was offered in an organized setting such as a center or a national chain. Most of it was provided in informal settings. But these informal arrangements are starting to dry up as the moms who were running these programs need to go back to work themselves."

Sallee points out that demographics are starting to drive businesses to pay attention to the issue. "As the work force shrinks, employers are faced with the challenge of finding and keeping good workers," she explains.

To date, Corporate Child Care has worked with more than 100 employers, assisting them in the exploration of on- or near-site child-care centers.

Sallee says that the provision of good food and good menus meshes with the company's desire to provide quality child care. Marriott's corporate dietitians, for example, create menus for Corporate Child Care. If the company holds the foodservice contract for the particular facility in which the child-care operation functions, the foodservice director will tailor the menus to mesh with the meal plans of the employee cafeteria, such as making little bran muffins when larger ones are being offered to the adults. *—S.S.*

PROGRESS REPORTS FROM CHILD-CARE CENTERS

■ "We opened our operation in the fall for recruitment purposes. We're in a resort area and the administration was having trouble finding employees. In the competition for employees, we had to offer something extra. The one-story building, put up in the parking lot, has a capacity of 110 kids. We're at 61 now and expect to fill it up.

"Everybody thinks it's wonderful. The hospital has set up a payroll-deduction plan and gives the tax break up front, which brings the costs down." *—James Casaccio, director of food and nutrition services, Burdett Tomlin Hospital, Cape May Courthouse, N.J.*

■ "If the level of interest and number of calls we've received is any indication, this concept of on-site day care is ready to explode, particularly in operations offering care for infants and toddlers." *—Marguerite Sallee, president, Corporate Child Care (Marriott), Washington, D.C.*

■ "We've got 60 kids in our program, which was started in 1985, and a long waiting list. A testament to the quality of the day-care service—including the foodservice—is that all our dietitians have kids in the program." *—Eric Schain, director of food and nutrition services, Concord Hospital, Concord, N.H.*

■ "We have 1,250 operations in 40 states. Our Kindustry program works with companies to offer day care at a number of our nearby sites. We give a 10% discount and the companies match or exceed this contribution. Our Kinder-Care at Work division helps companies start and operate on-site programs. That will probably be the growth area; not too many people are going to be constructing buildings next year." *—Sallye Blake, spokeswoman, Kinder-Care, Montgomery, Ala.*

■ "The food that we offer in our four year-round and two summer-only programs is catered. The caterer gives us a selection of offerings and then we choose. But it's still a process of education. We have to remind them, 'Please, more roughage, not too much salt.' " *—Josie Disterhoft, director, Parkside Children's Service, Des Plaines, Ill.*

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RETAIL

Retailers cut back growth plans and replace dining rooms with smaller bistros, self-service outlets and modified cafeterias.

1991 real growth: 0.3%
1991 sales: $2.057 billion
Market share: 0.8%
Units: 16,100

Despite the soft sales projected for both full-service and discount department stores, retail foodservice operators are not throwing in their towels. Viewing the economy's woes as a short-term crisis, this segment is reacting with some belt-tightening and curtailed expansion—but expansion, nonetheless.

Expansion curtailed, not curtained. Retail giants such as the Minneapolis-based Dayton Hudson Department Store Co., which has chalked up double-digit sales the past few years, is making growth plans cautiously, preferring instead to fine-tune existing operations. Saks Fifth Avenue added 14 units, including a 154-seat upscale cafe in the New York flagship store in November. Following its acquisition by Invest Corp., however, Saks has slowed its growth pace, says Donald Lear, corporate foodservices director.

Less window dressing for foodservice. Seattle-based Nordstrom is going strong with its upscale Garden Court concept, unveiled in New Jersey last spring. But the company also has added self-service to many of its foodservice outlets and switched to a modified cafeteria style in others. Neiman-Marcus will go ahead with restaurants planned for Scottsdale, Ariz.; Minneapolis; and Detroit; but these will be downscaled from the Dallas firm's former 100-seat elegant dining-room operations to 60-seat bistros, says Bob Jones, vice president of foodservice.

Discount stores such as Target and K mart are not as seriously affected and have, in fact, aggressive expansion goals. Target will add 50-55 new stores this year and K mart, which opened nearly 100 in 1990, will add another 20.

Debt goes out of fashion. Leveraged buyouts, acquisitions, mergers and refinancing gymnastics are generally seen to be a thing of the past. Many operators blame retail's troubles on these corporate maneuvers, citing as an example R.H. Macy's recent LBO and its subsequent acquisition of Los Angeles-based Bullock's department store chain.

John Lovelace, food and beverage director of Dayton Hudson, which acquired Chicago-based Marshall Field's last year, sees a dramatic tapering off in LBOs and acquisitions. "Heavy debt will not be as fashionable among retailers as it was in the '80s," he says. "I think a lot of hard lessons have been learned."

Custom-designed for consumer appetites. Menus will continue to cater to health-conscious diners, and upscaling product quality will become as important as providing value. Rather than market its own pizza, for instance, K mart has added Little Caesars pizza kiosks to eight of its department stores.

Economy-based labor bargains. Retail is a saturated market in terms of getting employees, says Jim Drury, vice president of foodservice for New York-based F.W. Woolworth. But the labor pool loosened up in June, a fact he attributes in part to layoffs in other industries.

A recession would produce a wider range of personnel to choose from, adds Gary Prosser, K mart's foodservice director. He views it as an opportunity to pick up higher-caliber hourly employees. More troublesome, says Al Hodges, Target's foodservice director, is the continuing fight to attract quality employees on the management level. —***B.M.D.***

RETAIL FOODSERVICE OPERATORS: WHAT'S IN STORE FOR '91

- **"We had been very aggressive recruiting executive labor at universities. Next year, we'll recruit and bring in candidates, but only one or two vs. eight per year during the past three years. Minnesota doesn't have a major labor shortage. Michigan's more difficult and Illinois is worse. Getting hourly employees in those states is more difficult than here in Minnesota."** —*John Lovelace, food & beverage director, Dayton Hudson, Minneapolis*

- **"More and more, it's financial people, rather than merchants, who are involved in running department stores. So the emphasis is on dollar return per square foot. If a restaurant isn't a profitable entity, or a draw for the store,** it could mean making a change, downscaling, or closing it altogether." —*Donald Lear, corporate foodservices director, Saks Fifth Avenue, New York*

- "We have to maintain extremely tight controls on food and labor costs. We must be as efficient as we possibly can to maintain our margins. I don't see menu prices going up. Those that do will be minimal." —*Gary Prosser, foodservice director, K mart, Troy, Mich.*

- "We haven't changed our plans or programs because economic conditions are negative. There is always a crisis of some sort to reckon with. I don't think this one is as long-range as many seem to think. The financial market determines who survives. A weak company won't." —*Jim Drury, vice president of foodservice, F.W. Woolworth, New York*

- "Healthful foods will continue to dominate. Menu variety will be important to a broader base of customers. We will have to upscale products and provide the best quality at a value price. If we sell a hot dog, it will be the best we can provide. Our sandwich selections were 10% of sales at the end of '89. This past year, they were 20%. Average check increase may have had something to do with it. But so did quality and price value." —*Al Hodges, foodservice director, Target Stores, Minneapolis*

1991 TRENDS

Big-City Patrons Favor Today's Lighter Potables

Trendy customers opt for wines by the glass, flavored sparkling waters and non-alcoholic beers.

Bars haven't gone out of style. They've just been tailored to fit the new, everything-in-moderation tone of the current decade.

Clients of Trusthouse Forte's contract division, for instance, are asking for wine and sparkling beverage bars—not the standard full bar—at catered functions, says Edward Leonard, vice president of operations for the Trumbull, Conn.-based company. "Wine is a very socializable, pleasurable beverage," he says. "We offer champagnes, wines, different seltzers and soft drinks."

Trusthouse Forte's customers are not alone. In the larger cities across the nation and among the trendy people, there's definitely an increase in the popularity of wines, flavored sparkling waters and, in some instances, premium-quality white goods.

However, in the more traditional markets and regions of the country, drinking habits just haven't changed all that much. "People are drinking less, but that trend has been going on for a while," says Ken Linden, chef and co-owner of Yates Street, a bar and restaurant in Albany, N.Y. "But we don't serve a real young crowd. Our experience is that people are still having cocktails before dinner and some drinks after."

Following is a brief summary of beverage alcohol trends:

Wines by the glass. Even in Albany, N.Y., wines by the glass are increasing in popularity (though Linden says his customers still order a bottle with dinner). He adds that he has increased the number of wine-by-the-glass offerings and can now "very easily" sell wines at $5 or $6 a glass.

Wines by the glass are also popular at restaurants such as Shaw's Crab House and Blue Crab Lounge in downtown Chicago. "Sales of premium wines by the glass are just soaring," says Ginna Shannon, general manager of the Lettuce Entertain You operation. "I'm much more likely to sell one or two glasses of a higher-quality wine than a bottle."

Leonard notes that chefs are no longer using a house jug wine for cooking either. "On menus you'll see items such as 'Chicken Napa Valley,'" he says. "A chardonnay is used to finish off the sauce. This is the vogue thing to do now."

Return to tradition. In some cities, managers are beginning to see a return to traditional drinks, such as martinis and Manhattans (though Linden says they've *always* been popular in Albany). Elegant presentation increases the appeal of these mixed drinks (and also enables operators to charge premium prices). There is also a noted increase in the popularity of premium white goods, which are often ordered specifically by brand. "They look good, and look light, clear and refreshing," comments Shannon.

Water, water, everywhere. Roz Willens, owner of Caffe Cielo in New York, notes that requests for sparkling waters "are up quite a lot."

Leonard says that adding "subtle hints of flavors have helped the industry. They make the beverage more enjoyable, make it feel as though you're drinking something." He also believes that hard liquor takes away from the taste of food, while a flavored sparkling water helps clear the palate.

Non-alcoholic drinks. Non-alcoholic beers are starting to increase in popularity. Shannon has increased the number of selections at Shaw's to two. But no one seems to be finding non-alcoholic wines popular.

After-dinner drinks. A couple of trendy liqueurs are popular among the "in" crowd. But the most interesting trend in this segment is the incorporation of new after-dinner drink products into dessert recipes. "A talented chef can do some neat sauces and nifty things—add flavor and a different touch with the new products," says Leonard.

—*Susie Stephenson*

BEVERAGE ALCOHOL SALES BY SEGMENT

Despite the slowdown in beverage alcohol sales, operators say wines by the glass and premium brown and white goods are becoming more popular.

Segment	1991 real growth	1991 sales ($ millions)
Full service	–0.2%	$23,739
Fast [illegible]	0.1	755
Employee feeding	0.1	53
Nursing homes	0.1	16
Elder care/life care	0.1	12
Lodging	0.1	4,403
Military	0.1	447
Transportation	0.1	539
Recreation	0.2	427
Caterers	0.2	221
TOTAL	–0.1	30,683

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R&I PRESENTS AMERICA'S 1991

CHOICE IN CHAINS

Mixed Grill Kebab
◀ *With Rice Pilaf*

9 GREAT
CENTER OF THE PLATE IDEAS

Franchisees Drive New Marketing, Ad Strategies

HOW TO HUSTLE UP HEARTY BREAKFASTS

More Inside!
See Page 4

A CAHNERS PUBLICATION

FEB. 6, 1991

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ABOUT THE COVER

Surf and turf, popular center-of-the-plate idea for decades, has been skewed toward today's consumer trends and operators' need to cut costs. Here, morsels of meats, poultry and seafood are fashioned into a kebab. See our Taste feature on page 100 for how to offer the best value for meat, fish and poultry dollars.

34 R&I EXCLUSIVE: THE PEOPLE'S CHOICE IN CHAINS

What's America's favorite burger chain? Where's its favorite spot for seafood? Find out where Americans love to dine (in each of 11 industry segments) in this year's Choice in Chains, *R&I*'s annual consumer survey. We also reveal which chains score highest in each of seven categories—food quality, menu variety, value, service, atmosphere, cleanliness and convenience.

70 FRANCHISEES FRONT AND CENTER

Savvy franchisees are finding success with menus, advertising and promotions tailored to fit local markets. And as they break out of corporate molds, those granting their licenses are taking an uncharacteristic step back to watch—and take note. Operators profiled include a McDonald's franchisee with an Italian menu and disco, and a Hardee's franchisee opting for a meeting room.

120 HEARTY BREAKFASTS BY DAWN'S EARLY LIGHT

For many families, workers, vacationers and executives on the road, the only way to start the day is with a hearty breakfast. Home-style classics such as French toast, pancakes, bacon and eggs have been restyled by chefs for contemporary tastes and diets. Our Food feature, with its new ideas, recipes and preparation tips from the experts, is an eye-opener.

153 NOODLING OVER ASIAN PASTA POSSIBILITIES

Bombay Bicycle Club lists among its bestsellers yakisoba, a savory stir-fried noodle dish that diners like for its good value and novelty. Looking for a success story for your menu? Check out Product Know-How's recipes and concise Asian Noodle Guide.

TASTE 100
The new center of the plate: Pan-baked cod, dressed with tomato-basil sauce, is ready to dazzle patrons of a midscale establishment.

■ CUSTOMER SURVEY

THE PEOPLE'S CHOICE

This year's winners of the *R&I* Choice in Chains awards all have one thing in common: They *satisfy.*

By Brian Quinton

If only keeping diners happy were as simple as providing a smile, a second cup of coffee and the right change!

It isn't, of course. Fulfilling customers' needs takes a lot more. That's what makes the results of the annual *R&I* Choice in Chains survey so interesting: The concepts in the study are ranked solely on the basis of how well they satisfy, and they are judged not by their peers but by their patrons. These results come from customers, not consultants. The survey is done by mail, but it can be thought of as an exit poll taken just outside the front door.

Choice in Chains is now in its 11th year, and the very name carries more meaning than ever. Today's fragmented restaurant market believes above all in its right of *choice*, beginning with choice of product. Food quality and menu variety are important to these people. To satisfy them, a chain must tailor its products to their specific needs. If customers don't like what they get, they move on to the next restaurant—often right next door.

The market also wields new powers of choice over *how* it buys food. Takeout, home delivery, heat-and-eat, supermarket delis, food courts, chain outlets in institutions, and microwavable packaging are all new options for the food purchaser. Convenience and service take on different meanings in each of these settings. It's the operator's job to divine the service level the

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RESTAURANTS & INSTITUTIONS

Chi-Chi's takes top honors among Mexican chains for service, high-quality food and diverse menu.

1991 WINNERS

Burgers
WENDY'S

Sandwiches
RAX

Pizza
PIZZA HUT

Mexican
CHI-CHI'S

Dinner Houses
THE OLIVE GARDEN

Seafood
RED LOBSTER

Family Dining
CRACKER BARREL

Cafeterias
LUBY'S

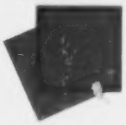
Chicken
GRANDY'S

Steak
RYAN'S FAMILY STEAK HOUSES

Sweets
BASKIN-ROBBINS

CHOICE IN CHAINS

ATTRIBUTE LEADERS



QUICK SERVICE

These quick-service chains scored highest on the seven qualities measured in the 1991 Choice in Chains survey (Scores are out of five possible points; ties went to chains with higher patronage).

FOOD QUALITY	
1. Häagen-Dazs	**4.33**
2. T.J. Cinnamons	**4.32**
3. Baskin-Robbins	**4.31**

MENU VARIETY	
1. Baskin-Robbins	**3.99**
2. Grandy's	**3.75**
3. Wendy's	**3.73**

GOOD VALUE	
1. Little Caesars	**3.77**
2. Rally's	**3.76**
3. White Castle	**3.75**

GOOD SERVICE	
1. Grandy's	**3.89**
2. TCBY	**3.70**
3. Baskin-Robbins	**3.67**

ATMOSPHERE	
1. Captain D's	**3.47**
2. Long John Silver's	**3.45**
3. TCBY	**3.44**

CLEANLINESS	
1. TCBY	**3.94**
2. T.J. Cinnamons	**3.72**
3. Mrs. Fields	**3.70**

CONVENIENCE	
1. McDonald's	**3.96**
2. Domino's	**3.91**
3. Burger King	**3.71**

Patrons compute "value" in different ways but they all expect to find it on the menu.

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consumer expects and to deliver it consistently.

Finally, dining customers in today's market insist on defining "value" in their own way. It's no longer simple dollars and cents. Value is now a complex equation taking in various intangible "costs": travel time to the restaurant, for example; or time taken away from work or family; or the nutritional cost of eating out vs. a salad at home. On the plus side, there are the dividends of not having to cook or clean up, and the pleasure of giving the family a special treat. But don't kid yourself. No matter how patrons define "value," they expect to find it there on the menu.

Despite this fragmentation, many familiar faces appear in the Choice in Chains winners' circle for 1991. For the fifth time in six years, Wendy's heads the burger category, while Baskin-Robbins and Grandy's roll up their fourth wins in the sweets and chicken segments. Pizza Hut takes pizza honors for the seventh consecutive year. Red Lobster wins the seafood segment once again, as Luby's, Chi-Chi's, Rax and The Olive Garden do theirs. Only two of the winners are first-timers: Cracker Barrel Old Country Stores, which was newly included on this year's questionnaire; and Ryan's Family Steak Houses.

Why such steadiness at the top? Evidently, these concepts have latched onto part or all of the formula for customer satisfaction and are able to keep producing it time and time again. In some cases, their consistent wins have been at odds with their overall performance. Wendy's led the Choice in Chains burger contestants for most of the late '80s; yet its stores saw traffic counts and sales volumes slip during that same period. And Rax might like to work some of its patron-pleasing magic on its financials, which haven't shown much enchantment lately.

HOW THE SURVEY WORKS

As the Choice in Chains survey moves into its second decade, *R&I* has refined its methodology to make it easier to pinpoint just what patrons find most satisfying about a concept. The research firm of National Family Opinion sent questionnaires to 4,000 households around the country. Of these, 2,606 responded. The forms asked those who had patronized a given chain in the previous 12 months to score it on seven separate satisfaction criteria:

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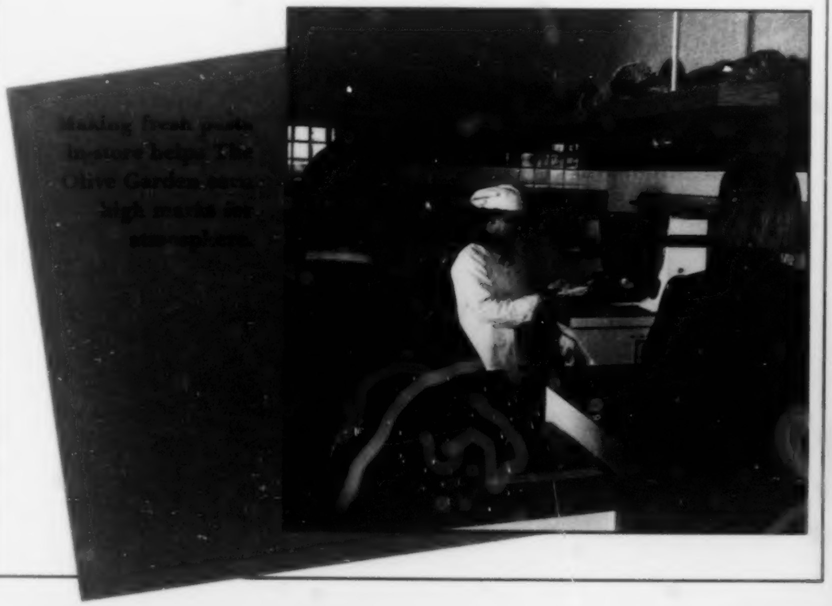

Making fresh pasta in-store helps The Olive Garden earn high marks for atmosphere.

CHOICE IN CHAINS

Pizza Hut grabs the gold in the pizza segment for the seventh year running.

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food quality, menu variety, value, service, atmosphere, cleanliness and convenience. In each category, the chain could earn as many as five points or as few as one. Any chain visited by fewer than 100 survey respondents in the past year was eliminated.

Those individual attribute scores are averaged to produce an overall index for the chain. That's the figure *R&I* uses to determine the rankings; it immediately follows each name in the tables. Where two chains score evenly, their patronage by respondents in the last year serves as a tie-breaker.

For the first time, *R&I* is publishing the scores each chain receives for its attributes. Now it is easy to see not only which hamburger concept earns the highest overall score from customers, but which they think offers the best value, the widest menu variety, or the most pleasant atmosphere. Attribute leaders for each segment are highlighted on the chart. And a pair of sidebars lists the fast-food and full-service leaders in those same attributes.

AND NOW, THE WINNERS

The people's choice in burgers is **Wendy's** again this year. The Dublin, Ohio-based chain has racked up its fifth Choice in Chains win in the hamburger segment since 1985. It also boasts the best scores in the segment on two vital attributes: menu variety, thanks perhaps to the SuperBar and the Super Value menu, and food quality.

Like most of the fast-food concepts tested, Wendy's greatest demographic pull is on those under 21. But the chain also draws more females than males; many of these women, it is assumed, are part of the young-parent group that makes up the dominant life stage among Wendy's customers. Wendy's also scores a solid third among all chains in the Choice in Chains patronage ranks—not surprisingly, behind McDonald's and Burger King.

For the second time since sandwiches became a separate category in 1989, **Rax** takes top honors among sandwich concepts. The Columbus, Ohio-based chain also scores higher than its direct competition in four attributes: menu variety (once again, use of salad bars might contribute to this), good value, atmosphere and cleanliness.

Rax is a grown-up pleasure. Of female heads of households who patronized Rax in the last year, 41.7% like it a lot. That makes women Rax's strongest demographic constituency; only about 30% of male adult patrons made the same statement, and less than 28% of the under-21 crowd. The chain's strongest life-stage appeal is to retired older couples.

If Choice in Chains were an organized sport, we'd retire its pizza paddle: For the seventh year running, **Pizza Hut**, Wichita, Kan., grabs the gold for pizza-chain popularity. At a time when the segment's Big Three are fast approaching one another in their menus, pricing and distribution channels, Pizza Hut maintains a very comfortable lead in the minds of consumers, who say it tops the rest of the pizza segment in the quality of its product and the atmosphere and cleanliness of its stores. Pizza Hut also has the highest yearly patronage of any full-service chain, and ranks fifth on that measure among all chains in the survey.

Pizza is a teenage favorite generally; almost all the pizza chains surveyed score better with them than with adults. Still, Pizza Hut's under-21 appeal is much greater than most. More

continued on page 48

Red Lobster beats seafood competitors in food quality.

ATTRIBUTE LEADERS

FULL SERVICE

These full-service chains scored highest on the seven qualities measured in the 1991 Choice in Chains survey (Scores are out of five possible points; ties went to chains with higher patronage):

FOOD QUALITY	
1. Stuart Anderson's	**4.35**
2. The Olive Garden	**4.28**
3. Cracker Barrel	**4.24**
MENU VARIETY	
1. Luby's	**4.41**
2. Furr's	**4.36**
3. T.G.I. Friday's	**4.36**
GOOD VALUE	
1. Ryan's Steak Houses	**4.16**
2. Cracker Barrel	**3.97**
3. King's Table	**3.96**
GOOD SERVICE	
1. The Olive Garden	**4.12**
2. Ryan's Steak Houses	**4.12**
3. Benihana of Tokyo	**4.12**
ATMOSPHERE	
1. The Olive Garden	**4.28**
2. Benihana of Tokyo	**4.23**
3. Steak & Ale	**4.16**
CLEANLINESS	
1. The Olive Garden	**4.16**
2. Stuart Anderson's	**4.07**
3. Steak & Ale	**4.06**
CONVENIENCE	
1. Luby's	**3.74**
2. Morrison's	**3.67**
3. Sizzler	**3.64**

The pleasure effect: Sweets chains score highest for perceived food quality.

continued from page 43

than 69% of its teen customers like Pizza Hut a great deal, compared to 34.2% of Domino's and 53.1% of Little Caesars.

Full-service chain **Chi-Chi's** is this year's most popular Mexican concept. More than half of those who patronized the Louisville, Ky.-based company in the last year like it very much. That approval is pretty evenly spread out among men, women and young people, but the chain exerts an undeniable appeal on the young: Young singles, young couples and young parents are the most common life stages among its most satisfied customers.

The dinner-house vote once again demonstrates the enduring popular appeal of an Italian menu. **The Olive Garden** has been a candidate in this segment for two years; and for two years in a row, the Orlando, Fla.-based chain has won. In fact, The Olive Garden earns the highest overall score of the entire survey. It ranks first for good service, atmosphere and cleanliness—not just in the dinner-house segment, but among *all* full-service chains.

It's only fair to note, however, that Stuart Anderson's Black Angus/Cattle Company places a very close second with survey respondents. Only a slightly lower patronage than The Olive Garden's and *R&I*'s dislike for ties keep the Los Altos, Calif.-based concept from sharing top honors among dinner houses. If it's any consolation, Stuart Anderson's leads the segment in value and convenience. Even more impressive, it beats every other chain in the survey in the field of food quality.

Like its relative The Olive Garden, another General Mills concept, **Red Lobster**, has become a perennial segment leader, winning for the third time since seafood became a separate Choice category three years ago. The Orlando, Fla.-based chain takes most of the attribute honors too, winning for food quality, menu variety, service, atmosphere and cleanliness. Among full-service chains, only Pizza Hut is patronized more over the course of a year.

As the only full-service seafood chain with stores nationwide, it's natural that the proportion of patrons who like the chain "a great deal" is much higher for Red Lobster than for its quick-service competitors. More unexpected is the chain's high appeal for its young adult customers, more than 72% of whom claim to like it a great deal.

In addition to grabbing the brass ring among family-dining chains, **Cracker Barrel Old Country Stores** almost pulls off a clean sweep of the seven attributes; only convenience gets away. Surprisingly, the Lebanon, Tenn.-based chain receives more "like a great deal" votes from its under-21 customers than from adult patrons. Among life-stage groups, customers are heavily skewed toward young and middle-age parents.

Luby's, San Antonio, beats out four other cafeteria competitors, and pulls the highest indices in four of seven attributes: food quality, menu variety, service and convenience. In fact, it's worth noting that all the cafeteria chains earn high grades both for the quality of their food and menu variety.

Once again, this year's patrons have honored **Grandy's**, Lewisville, Texas, as the chicken chain they are most satisfied with. Grandy's scores best on menu variety, value, atmosphere, cleanliness and service. Its use of "grannies" who help serve, seat customers and pour beverage refills, might explain why it does particularly well with families of all ages, although most other chicken concepts surveyed are strongest with singles.

Last year, **Ryan's Family Steak Houses**, Greer, S.C., won the South in a special competition for regional chains. In an effort to create an "absolute" index of customer satisfaction, *R&I* now includes those regional chains in the body of the survey; and Ryan's turns out the 1991 steakhouse champ. Especially popular with young singles, young parents and those under 21, Ryan's earns particular kudos for its value, service and—with its trademark salad bar—menu variety.

And after a two-year hiatus, ice cream is back at the head of the class as the customers' favorite indulgence, and **Baskin-Robbins** is their favorite place to indulge. The Glendale, Calif.-based chain gets the highest marks for menu variety of all the treat chains—in fact, among all fast-food chains—and it scores among the top-five quick-service concepts in service, food quality and cleanliness, too. It's no shock that young parents are the most likely to like Baskin-Robbins. Interestingly, though, the *second* biggest "like a great deal" vote comes from retired older couples, followed by older singles. So much for the notion that ice cream is kid stuff.

Of all fast-food concepts, customers [illegible] Baskin-Robbins has the most varied array of flavors.

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CHOICE IN CHAINS

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Segment/Chain	Overall index*	Food quality	Menu variety	Good value	Good service	Atmosphere	Cleanliness	Convenience
BURGERS								
Wendy's	3.629	3.84	3.73	3.51	3.58	3.41	3.64	3.69
McDonald's	3.519	3.37	3.43	3.43	3.51	3.29	3.64	3.96
Carl's Jr.	3.490	3.61	3.61	3.39	3.39	3.42	3.52	3.49
Whataburger	3.474	3.77	3.45	3.57	3.49	3.15	3.42	3.47
Hardee's	3.473	3.53	3.51	3.45	3.40	3.28	3.46	3.68
Sonic Drive-Ins	3.464	3.59	3.47	3.48	3.57	3.19	3.35	3.60
Rally's	3.441	3.65	3.23	3.76	3.65	2.93	3.38	3.49
Burger King	3.434	3.52	3.42	3.39	3.37	3.20	3.43	3.71
Jack In The Box	3.364	3.45	3.63	3.31	3.34	3.06	3.32	3.44
Krystal	3.339	3.40	3.28	3.75	3.33	2.95	3.21	3.45
White Castle	3.209	3.29	2.80	3.75	3.33	2.72	3.25	3.32
SANDWICHES								
Rax	3.507	3.66	3.66	3.46	3.48	3.36	3.53	3.40
Arby's	3.454	3.72	3.45	3.38	3.43	3.25	3.49	3.46
Subway	3.440	3.75	3.39	3.40	3.52	3.00	3.47	3.55
Roy Rogers	3.344	3.51	3.42	3.28	3.36	3.24	3.37	3.23
A&W	3.340	3.58	3.37	3.38	3.44	3.12	3.32	3.17
PIZZA								
Pizza Hut	3.562	3.96	3.51	3.39	3.48	3.47	3.54	3.59
Little Caesars	3.436	3.57	3.26	3.77	3.49	3.01	3.44	3.51
Round Table Pizza	3.426	3.75	3.46	3.27	3.43	3.23	3.28	3.56
Domino's Pizza	3.414	3.51	3.16	3.37	3.71	2.90	3.34	3.91
Godfather's Pizza	3.414	3.81	3.36	3.33	3.37	3.32	3.44	3.27
Pizza Inn	3.407	3.49	3.38	3.43	3.38	3.32	3.38	3.42
MEXICAN								
Chi-Chi's	3.726	4.02	3.96	3.54	3.73	3.92	3.74	3.17
El Torito	3.686	3.78	3.95	3.52	3.68	3.90	3.73	3.24
Taco Bell	3.470	3.58	3.47	3.73	3.47	3.13	3.31	3.60
Del Taco	3.376	3.44	3.40	3.51	3.40	3.15	3.32	3.41
Taco John's	3.357	3.50	3.39	3.44	3.42	2.93	3.28	3.54

* Overall index is the average of the seven attribute scores

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CHOICE IN CHAINS

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Segment/Chain	Overall index*	Food quality	Menu variety	Good value	Good service	Atmosphere	Cleanliness	Convenience
DINNER HOUSE								
The Olive Garden	4.009	4.28	4.12	3.74	4.12	4.28	4.16	3.36
Stuart Anderson's	4.006	4.35	4.21	3.80	4.02	4.11	4.07	3.48
Bill Knapp's	3.880	4.14	4.23	3.70	4.00	3.81	3.95	3.33
Marie Callender's	3.866	4.14	4.21	3.40	3.80	4.09	4.02	3.40
T.G.I. Friday's	3.843	4.08	4.36	3.47	3.81	4.02	3.88	3.28
Benihana of Tokyo	3.819	4.18	3.77	3.24	4.12	4.23	4.06	3.13
Chili's	3.811	4.10	3.93	3.56	3.88	3.96	3.88	3.37
Applebee's	3.794	4.07	4.02	3.51	3.74	3.88	3.91	3.43
Bennigan's	3.761	4.03	4.13	3.52	3.67	3.92	3.77	3.29
Houlihan's	3.724	4.07	4.11	3.43	3.71	3.97	3.79	2.99
The Ground Round	3.620	3.80	3.84	3.48	3.66	3.65	3.57	3.34
Fuddruckers	3.573	4.08	3.50	3.48	3.62	3.54	3.68	3.11
SEAFOOD								
Red Lobster	3.830	4.19	4.18	3.58	3.84	3.81	3.88	3.33
Captain D's	3.606	3.75	3.65	3.60	3.67	3.47	3.60	3.50
Long John Silver's	3.590	3.79	3.59	3.56	3.63	3.45	3.58	3.53
Skipper's	3.536	3.79	3.50	3.53	3.57	3.36	3.59	3.41
FAMILY DINING								
Cracker Barrel	3.990	4.24	4.21	3.97	4.00	4.12	4.00	3.[illegible]
Bob Evans	3.857	4.04	4.05	3.79	3.93	3.81	3.92	3.46
Shoney's	3.816	3.94	4.11	3.82	3.85	3.64	3.73	3.62
Bakers Square	3.784	4.15	4.15	3.51	3.74	3.72	3.85	3.40
Perkins	3.684	3.81	4.05	3.51	3.61	3.63	3.71	3.47
Country Kitchen	3.679	3.78	3.93	3.69	3.67	3.62	3.71	3.35
PoFolks	3.661	3.74	3.85	3.78	3.69	3.65	3.64	3.28
King's Table	3.620	3.59	4.09	3.96	3.55	3.35	3.49	3.31
Denny's	3.554	3.59	3.88	3.63	3.51	3.32	3.49	3.46
Carrow's	3.541	3.65	3.85	3.43	3.47	3.49	3.57	3.33
Village Inn	3.534	3.66	3.79	3.41	3.46	3.45	3.58	3.39
Big Boy	3.474	3.51	3.77	3.43	3.41	3.36	3.46	3.38

* Overall index is the average of the seven attribute scores

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CHOICE IN CHAINS

continued from page 56

Segment/Chain	Overall index*	Food quality	Menu variety	Good value	Good service	Atmosphere	Cleanliness	Convenience
[illegible]								
Luby's	4.021	4.22	4.41	3.91	4.07	3.79	4.01	3.74
Morrison's	3.979	4.13	4.33	3.95	3.98	3.83	3.96	3.67
Furr's	3.930	3.99	4.36	3.91	4.01	3.71	3.97	3.56
Piccadilly	3.923	4.02	4.27	3.78	3.95	3.78	4.02	3.64
Wyatt	3.789	3.83	4.13	3.78	3.77	3.58	3.80	3.63
[illegible]								
Grandy's	3.784	3.87	3.75	3.75	3.89	3.75	3.84	3.64
Chick-fil-A	3.474	3.93	3.35	3.37	3.62	3.18	3.53	3.34
KFC	3.441	3.75	3.25	3.42	3.45	3.15	3.43	3.64
Popeyes	3.369	3.75	3.35	3.42	3.30	3.09	3.32	3.35
Church's	3.307	3.52	3.20	3.46	3.32	3.02	3.22	3.41
[illegible]								
Ryan's	4.010	4.18	4.31	4.16	4.12	3.74	3.96	3.60
Steak & Ale	3.929	4.24	4.07	3.58	3.99	4.16	4.06	3.43
Golden Corral	3.890	4.05	4.15	3.94	3.94	3.77	3.79	3.59
Sizzler	3.844	3.98	4.17	3.78	3.80	3.69	3.85	3.64
Quincy's	3.824	3.98	4.02	3.78	3.92	3.72	3.80	3.55
Western Steer	3.733	3.93	3.92	3.69	3.71	3.64	3.68	3.55
Western Sizzlin	3.714	3.90	3.93	3.73	3.73	3.57	3.63	3.51
Bonanza	3.686	3.80	3.94	3.78	3.72	3.53	3.57	3.46
Ponderosa	3.639	3.65	3.95	3.79	3.65	3.44	3.49	3.50
[illegible]								
Baskin-Robbins	3.669	4.31	3.99	3.26	3.67	3.26	3.66	3.53
TCBY	3.623	4.15	3.45	3.23	3.70	3.44	3.84	3.55
Haagen-Dazs	3.500	4.33	3.47	3.03	3.51	3.27	3.66	3.23
T.J. Cinnamons	3.499	4.32	3.14	3.14	3.66	3.29	3.72	3.22
Dairy Queen	3.430	3.70	3.52	3.45	3.44	3.05	3.32	3.53
Carvel	3.427	3.85	3.47	3.21	3.52	2.98	3.41	3.55
Dunkin' Donuts	3.401	3.71	3.44	3.43	3.51	2.97	3.30	3.45
Mrs. Fields	3.401	4.26	3.16	2.78	3.58	3.04	3.70	3.29

*Overall index is the average of the seven attribute scores

ACTION EXPRESS

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SERVING THE TOTAL FOODSERVICE INDUSTRY

MARCH 6, 1991

RESTAURANTS & INSTITUTIONS

R&I's TOP 100

America's Highest-Grossing Independent Restaurants

FOOD TO GO

A GROWING MARKET

Bigsby's In Chicago Serves Or Sends Its Complete Menu

PLUS:

- Deli Meats & Sausage
- Ideas To Use
- Menu Concepts
- Disposables

MEXICAN TORTILLAS

More Inside! See Page 4

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MARCH 6, 1991

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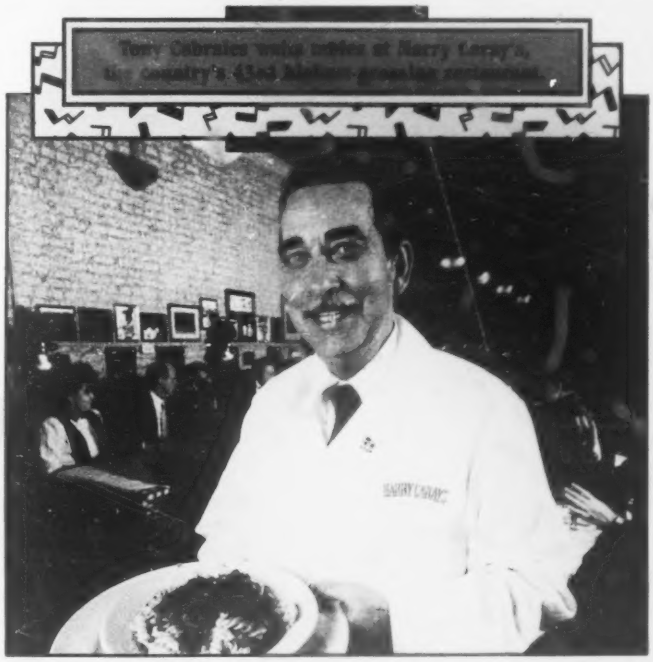

Tony Cabrales waits tables at Harry Caray's, the country's 43rd highest-grossing restaurant.

40 R&I EXCLUSIVE: AMERICA'S TOP 100 INDEPENDENTS

R&I presents its annual ranking of the country's top-volume restaurants. Although their sales as a whole are off from last year, certain regions of the country did remarkably well in 1990. In addition, the operators of the Top 100 are taking a more cautious approach to expansion, planning 15 new restaurants this year, compared to the 36 they planned in 1990.

105 CHAINS RETHINK PACKAGING AND THE ENVIRONMENT

Increasing public concern for the environment keeps foodservice packaging in the spotlight. Our Equipment feature explains who's trying what in packaging, and what trade-offs are involved in the switches.

114 MAKE IT HAPPEN—MAKE IT MEXICAN

Operators and customers are flipping over a Mexican pancake of many uses—the tortilla. As ingredient, accompaniment, even edible utensil, it scores high in versatility and cost-effectiveness. Flip to our Food section for serving ideas, usage tips and recipes.

131 THE LOWDOWN ON LOW-FAT SAUSAGE

The sausage dish on your menu needn't get short shrift from customers looking for leaner cuisine. Product Know-How offers tips for trading in some of the fat for flavor, and recipes, too.

84 ON THE COVER: TAKEOUT & DELIVERY ARE ON A ROLL

The call for convenience and a here-tofore untapped audience—the homebody and the harried—have created a $63-billion takeout market. *R&I* interviewed "whizzards" at the takeout and delivery business to find what is required to mobilize for takeout and what menus and promotions have passed tough road tests with high-performance ratings. One such to-go guru, Bigsby's in Chicago (see cover), does 90% of its takeout business in home deliveries.

RANKING

R&I's
TOP 100
INDEPENDENTS
America's Highest-Grossing Restaurants

By Monica Kass

Lunch rush at Harry Caray's, and Tony Cabrales is in his glory. Wielding a heavy tray of the meat-and-potatoes basics Caray's does best, Tony deftly dodges between Chicago's business-lunch masses, an utterly sincere smile on his face. "I was born to be a waiter," he says. "This is my college degree." Tony's dedication to and sheer enjoyment of the job he's done since 1952 is evident in dollars. In 1990, Tony waited tables to the tune of $455,000, 5.8% of the $7.825 million Harry Caray's did in food and beverage sales.

In the face of the nation's difficult economic scenario, owners of the country's highest-grossing restaurants are quick to acknowledge their dependence on employees like Cabrales, whose dedication to quality service keep the customers coming in. "It would be very difficult to do the volumes we do here without people like Tony," says Grant DePorter, Harry Caray's managing director. "No matter how crazy it gets, they know how to put people at ease."

Overall, total food and beverage volume for the Top 100 dropped from $876.532 million (1989 year-end figures), to $874.145 million at year-end 1990.

The East Coast was hardest hit by the slump: Many Top 100 operations located in that region showed sales declines of at least 1%-5% in 1990; some dropped 15%-20%. Operations elsewhere in the country stayed flat or showed slight gains, with the exception of Florida restaurants, which posted some significant gains. Sales at The Kapok Tree in Clearwater, for example, increased 12% in 1990.

Looking to the remainder of 1991, operators nationwide say their biggest challenges include the difficult economy, holding prices steady in the face of rising costs, and keeping customer counts up. Finding good help and top-quality supplies also are concerns.

As in years past, *R&I*'s Top 100 ranks restaurants on the basis of food and beverage sales only. Each restaurant in the ranking has been open at least 12 months.

New this year: *R&I* has lifted the restriction that ranked restaurateurs may own no more than 10 operations. Also new: There is no restriction on the number of restaurants one restaurateur can have in the ranking. However, each restaurant listed is an independent concept, not duplicated anywhere in the States. For this reason, restaurants such as Legal Sea Foods and the Hard Rock Cafe have been deleted from the ranking.

Following the ranking is the "20 Top Contenders," restaurants with sales just below $5.38 million, the figure for restaurant No. 100 in this year's ranking. "Great Expectations" gives the facts on new restaurants that promise high volumes next year. "Expansion Plans" is a report on restaurants being built in the next year by the highest-grossing 100, and "Issues and Concerns" is a forum where regional operators have voiced their concerns about business in the remaining three-quarters of 1991.

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THE TOP 100

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1991 Rank	Restaurant/city/opened/owner	Sales (in $ millions)	Seats (incl. banquet)	Dinner check (w/bev.)	Dayparts	People served/year
1	**The Hilltop Steakhouse** Saugus, Mass., 1951 Frank Giuffrida, Jack Swansburg	$27.310**	1,300	$10.00	L,D	2,063,460
2	**Tavern on the Green** New York, 1976 Warner LeRoy (LeRoy Adventures Inc.)	25.897	1,197	45.00	B,L,D	575,000
3	**Rainbow Room** New York, 1934 Joseph Baum, Michael Whiteman, Dennis Sweeney	25.500*†	1,200	100.00	B,L,D	445,500
4	**Windows on the World** New York, 1976 Hilton International	24.009	1,605	48.40	B,L,D	4,500,157
5	**Smith & Wollensky** New York, 1977 Alan Stillman (New York Restaurant Group)	17.720	600	60.00	L,D	265,000
6	**Phillips Harborplace** Baltimore, 1982 The Phillips Family, Paul Wall	14.988	700	20.60	L,D	946,400
7	**Kapok Tree** Clearwater, Fla., 1957 Aaron R. Fodiman	14.368	1,750	13.68	L,D	1,086,000
8	**Anthony's Pier 4** Boston, 1963 Anthony Athanas & Family	14.341**	650	23.00	L,D	629,850
9	**The Manor** West Orange, N.J., 1957 Harry Knowles & Family	13.900	1,500	46.00	L,D	330,000
10	**Sparks Steakhouse** New York, 1964 Pat Cetta, Mike Cetta	13.617	300	60.00	L,D	266,100
11	**Bob Chinn's Crabhouse** Wheeling, Ill., 1982 Robert Chinn, Marilyn Chinn	12.805	630	22.97	L,D	700,000
12	**Scoma's Restaurant** San Francisco, 1965 Al Scoma	12.232	300	26.00	L,D	479,098
13	**The Four Seasons** New York, 1959 Tom Margittai, Paul Kovi	11.755**	400	80.00	L,D	155,895
14	**The "21" Club** New York, 1923 Knoll Intl. Holdings (Marshall Cogan)	11.400**	650	65.00	L,D	153,900
15	**Old San Francisco Steakhouse** Dallas, 1974 Henry Reed & Partners	11.220**	750	18.00	L,D	524,280
16	**Spenger's Fish Grotto** Berkeley, Calif., 1890 Frank Spenger Jr., Frank L. Spenger	11.000	700	10.00	B,L,D	907,500
17	**The Waterfront** Covington, Ky., 1986 J. Ruby, P. Rose, B. Esiason, C. Collinsworth	11.000	290	35.75	D	155,000
18	**Joe's Stone Crab** Miami Beach, Fla., 1913 J. Sawitz-Bass, G. Weiss, S. Sawitz, J. Hershey	10.050††	400	33.00	L,D	346,500
19	**Oyster Bar** New York, 1910 Jerome Brody	10.000*	495	39.00	L,D	416,000
20	**Cliff House** San Francisco, 1850 Dan Hountalas	9.823	300	21.00	B,L,D	NA
21	**The Water Club** New York, 1982 Michael O'Keefe	9.800	600	65.00	L,D	NA
22	**The Russian Tea Room** New York, 1926 Faith Stewart-Gordon	9.481	325	50.00	B,L,D	220,000
23	**Jimmy's Harborside** Boston, 1924 Charles Doulos	9.380**	460	25.00	L,D	374,300
24	**The Berghoff** Chicago, 1898 The Herman Berghoff Family	9.300	700	13.50	L,D	NA
25	**Zehnder's of Frankenmuth** Frankenmuth, Mich., 1856 Edwin L. Zehnder	9.252	1,300	13.68	B,L,D	946,785

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RESTAURANTS & INSTITUTIONS

1991 Rank	Restaurant/city/opened/owner	Sales (in $ millions)	Seats (incl. banquet)	Dinner check (w/bev.)	Dayparts	People served/year
26	**Montgomery Inn at the Boathouse** Cincinnati, 1989 The Ted Gregory Family	$9.250	500	$14.00	L,D	750,000
27	**Old Original Bookbinders** Philadelphia, 1865 John M. Taxin, John E. Taxin, Albert Taxin	9.100	950	30.00	L,D	182,500
28	**Yesterday's** Fort Lauderdale, Fla., 1975 Peter Goldhahn	9.030**	480	35.00	D	301,099
29	**Le Cirque** New York, 1974 Sirio Maccioni	9.000**	125	70.00	L,D	72,000
30	**Leonardo da Vinci** Washington, D.C., 1988 Vittorio Testa	9.000	1,100	30.00	L,D	NA
31	**Space Needle Restaurant** Seattle, 1962 The Howard S. Wright Family	8.741	240	30.13	B,L,D	377,800
32	**Rascal House** Miami Beach, Fla., 1954 Norman Stamler, Steve Stamler, Arthur Goodman	8.647	245	8.68	B,L,D	1,500,000
33	**Frankenmuth Bavarian Inn** Frankenmuth, Mich., 1888 The William Zehnder Jr. Family	8.520	1,200	10.22	L,D	850,000
34	**Old Ebbitt Grill** Washington, D.C., 1856 Stuart Davidson, John Laytham	8.481	400	17.50	B,L,D	436,800
35	**The Lobster House** Cape May, N.J., 1952 Wallace Laudeman, Keith Laudeman	8.479	534	38.50	L,D	651,600
36	**Gallagher's Steak House** New York, 1937 Jerome Brody	8.400	240	39.00	L,D	276,000
37	**Mai Kai** Fort Lauderdale, Fla., 1956 Mireille Thornton	8.364	475	35.00	D	229,522
38	**Kelly's Roast Beef** Revere, Mass., 1951 Dorothy McCarthy, Raymond Carey	8.285	0	7.90	B,L,D	1,105,016
39	**Peter Luger Steakhouse** Brooklyn, N.Y., 1887 Marilyn Forman-Spiera	8.254**	160	50.00	L,D	190,190
40	**Stars** San Francisco, 1984 Jeremiah Tower	8.000**	150	60.00	L,D	83,500
41	**Canter's** Los Angeles, 1948 Jacqueline Canter	7.983**	476	7.00	B,L,D	1,140,546
42	**Arnaud's** New Orleans, 1918 Archie Casbarian	7.843**	1,000	42.50	L,D	184,548
43	**Harry Caray's** Chicago, 1987 HC Management	7.825	175	32.00	L,D	288,800
44	**Longhi's** Lahaina, Hawaii, 1976 Robert J. Longhi, Peter Longhi	7.700	225	33.00	B,L,D	365,000
45	**Harris Ranch** Coalinga, Calif., 1977 John Harris, Carole Harris	7.643	500	10.76	B,L,D	734,240
46	**Brennan's** New Orleans, 1946 Owen Brennan	7.600	550	50.00	B,D	294,986
47	**Water's Edge** Long Island City, N.Y., 1984 Marika Somerstein, Stuart Somerstein	7.450	500	50.00	L,D	NA
48	**Venus de Milo** Swansea, Mass., 1960 Ronald Ferris, Monte Ferris	7.406	3,000	15.00	L,D	500,000
49	**Dock's Oyster Bar and Seafood Grill** New York, 1988 Arthur Cutler, Barry Corwin, Howard Levine	7.370	320	32.50	L,D	234,000
50	**Grand Concourse** Pittsburgh, 1978 C.A. Muer Corporation	7.364	564	29.09	L,D	334,880

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1991 Rank	Restaurant/city/opened/owner	Sales (in $ millions)	Seats (incl. banquet)	Dinner check (w/bev.)	Dayparts	People served/year
51	**Twin Oaks** Cranston, R.I., 1933 William DeAngelus Jr.	$7.360	550	$40.00	L,D	484,562
52	**15th Street Fisheries** Fort Lauderdale, Fla., 1979 Michael Hurst	7.300	320	32.00	L,D	237,600
53	**Le Bernardin** New York, 1986 Maguy LeCoze, Gilbert LeCoze	7.275	120	95.00	L,D	91,450
54	**Kowloon** Saugus, Mass., 1960 William Wong, Madeline Wong	7.265	1,200	12.50	L,D	NA
55	**Ditka's** Chicago, 1986 M. Ditka, E. Pontillo, J. Vainisi	7.248	300	26.63	L,D	137,711
56	**Allgauer's Fireside Restaurant** Northbrook, Ill., 1974 Frank Allgauer	7.200**	1,400	18.00	B,L,D	255,500
57	**Bern's Steak House** Tampa, Fla., 1956 Bern Laxer, Gert Laxer	7.200**	320	33.00	D	220,200
58	**Shorebird Beach Broiler** Honolulu, 1979 John McManus, Eric Horst	7.177	300	17.00	B,D	295,000
59	**Gibby's Steaks & Seafood** Fort Lauderdale, Fla., 1978 Donald Hersh, Steven Hersh	7.120	600	21.75	L,D	400,000
60	**John Dominis** Honolulu, 1979 Dominis G. Anderson	7.087	280	52.89	D	133,800
61	**Junior's** Brooklyn, N.Y., 1950 Walter Rosen, Marvin Rosen	7.000	500	14.00	B,L,D	800,000
62	**Angus Barn** Raleigh, N.C., 1960 Alice Eure, Van Eure	6.995	550	31.05	D	260,275
63	**Fisherman's Grotto #9** San Francisco, 1935 Nino Geraldi	6.900	300	25.00	L,D	297,000
64	**Pacific Dining Car** Los Angeles, 1921 Wesley Idol II	6.801	185	42.00	B,L,D	259,150
65	**Joe Muer's** Detroit, 1929 Joe Muer	6.700	400	32.00	L,D	273,600
66	**Lawry's California Center** Los Angeles, 1970 Thomas J. Lipton Company	6.676	1,000	20.00	L,D	558,000
67	**The Forge** Miami Beach, Fla., 1968 Alvin I. Malnik	6.660	375	37.00	D	180,000
68	**Sagebrush Cantina** Calabasas, Calif., 1974 Robert McCord III	6.500	1,000	12.50	L,D	225,000
69	**Commander's Palace** New Orleans, 1883 Ella, Dick, John & Dottie Brennan	6.500**	270	43.00	B,L,D	200,000
70	**Jimmy's** Beverly Hills, Calif., 1978 Jimmy Murphy	6.500	400	45.00	L,D	NA
71	**The Omega** Niles, Ill., 1984 G. Stavropoulos & Partners	6.480	400	8.00	B,L,D	1,527,926
72	**Manhattan Ocean Club** New York, 1984 Alan Stillman (New York Restaurant Group)	6.408	220	60.00	L,D	110,000
73	**Junior's Restaurant** West Los Angeles, Calif., 1959 Marvin Saul	6.400	236	7.20	B,L,D	884,000
74	**Union Oyster House** Boston, 1826 Joseph Milano, Mary Ann Milano, Mary Milano	6.277	620	17.00	L,D	490,000
75	**Rustic Inn Crabhouse** Fort Lauderdale, Fla., 1956 Henry J. Oreal, Wayne McDonald, Wayne H. Oreal	6.250**	700	19.95	L,D	379,760

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®RESTAURANTS &INSTITUTIONS

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76	**Ray's Boathouse** Seattle, 1949 R. Wholers, J. Sikma, E. Gingrich, E. Lasher	$6.220**	240	$30.00	L,D	129,591
77	**The Merritt** Oakland, Calif., 1952 Walter Harmon	6.200	125	6.50	B,L,D	800,000
78	**Spago** West Hollywood, Calif., 1982 Wolfgang Puck, Barbara Lazaroff	6.200	160	50.00	D	129,600
79	**O'Sheas' Wharf** Marco Island, Fla., 1976 Thomas Shea, Dolores Shea	6.200	500	17.50	L,D	NA
80	**Cafe Iguana** New York, 1987 Joyce Steins	6.184	300	23.00	B,L,D	171,080
81	**Gotham Bar & Grill** New York, 1984 J. Kretchmer, Robert Rathe, Richard Rathe, J. Bliss	6.150	175	54.00	L,D	121,040
82	**Knickers Restaurant** Des Plaines, Ill., 1982 Nicholas Mitchell	6.125	1,250	21.55	L,D	370,050
83	**Tangier Restaurant** Akron, Ohio, 1954 Edward J. George	6.111	2,000	17.50	B,L,D	210,000
84	**Leona's on Sheffield** Chicago, 1950 The Toia Family	6.100	400	12.50	L,D	NA
85	**Louis Tambellini's** Pittsburgh, 1946 John Tambellini, Andrew Tambellini	6.000	750	17.50	L,D	450,000
86	**Salty's on Alki** Seattle, 1985 Happy Guest International	6.000	250	25.00	L,D	350,000
87	**Ben Benson's Steakhouse** New York, 1982 Ben Benson	6.000	270	48.00	L,D	167,060
88	**Canastel's** New York, 1985 Mark Packer	6.000**	230	25.00	L,D	NA
89	**Alioto's** San Francisco, 1928 The Alioto Family	5.900	135	30.00	D	250,000
90	**Le Madri** New York, 1989 Pino Luongo, The Pressman Family	5.800	150	55.00	L,D	150,000
91	**Charley's Crab** Troy, Mich., 1976 C.A. Muer Corporation	5.776	345	34.32	L,D	215,488
92	**Chateau Restaurant of Waltham** Waltham, Mass., 1938 Louis Nocera, Marianne Skerry	5.705	800	11.50	L,D	640,530
93	**The Ritz** Newport Beach, Calif., 1977 Hans Prager, Charlene Prager	5.700	350	50.00	L,D	148,500
94	**Montgomery Inn** Montgomery, Ohio, 1951 The Ted Gregory Family	5.688	400	14.00	L,D	500,000
95	**Clifton's Brookdale Cafeteria** Los Angeles, 1935 Donald Clinton, Jean Roeschlaub	5.639	740	4.90	B,L,D	1,327,408
96	**Regine's** New York, 1976 Roger Choukroun	5.510**	120	70.00	L,D	73,150
97	**Three Little Bakers** Wilmington, Del., 1974 The Immediato Family	5.500	1,000	23.95	D	250,000
98	**Champps Americana** Minnetonka, Minn., 1990 Dean Vlahos	5.492	225	11.10	L,D	593,490
99	**Fountain Blue Restaurant** Des Plaines, Ill., 1977 Tim Psyhogios, Gus Sizopoulos	5.400	800	12.50	B,L,D	322,660
100	**Court of Two Sisters** New Orleans, 1965 Joseph Fein	5.384*	600	30.00	B,D	219,000

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20 TOP CONTENDERS

101. Captain Anderson's †
Panama City Beach, Fla.; opened 1967; sales, $5.373MM; seats 570; served 289,909.

102. Unicorn Village
North Miami Beach, Fla.; opened 1979; sales, $5.350MM; seats 300.

103. la Cité
New York; opened 1989; sales, $5.340MM; seats 330; served 125,000.

104. Sea Watch
Fort Lauderdale, Fla.; opened 1974; sales, $5.320MM; seats 240; served 280,426.

105. Clyde's of Tysons Corner, Vienna, Va.; opened 1980; sales, $5.308MM; seats 298; served 350,000.

106. Harpoon Louie's Waterfront Restaurant
Jupiter, Fla.; opened 1980; sales, $5.304MM; seats 650; served 320,000.

107. Melrose Diner
Philadelphia; opened 1935; sales, $5.300MM; seats 106 served 1,000,000.

108. Palio
New York; opened 1986; sales, $5.236MM; seats 125; served 67,000.

109. Ponzio's
Cherry Hill, N.J.; opened 1964; sales, $5.200MM; seats 400; served 473,200.

110. Café des Artistes
New York; opened 1915; sales, $5.200MM; seats 107; served 118,300.

111. The River Cafe
Brooklyn, N.Y.; opened 1977; sales, $5.200MM; seats 120.

112. Fishbone's Rhythm Kitchen Cafe, Detroit; opened 1989; sales, $5.199MM; seats 300; served 336,500.

113. Bub City
Chicago; opened 1989; sales, $5.135MM**; seats 2,000; served 455,000.

114. Pals Cabin
West Orange, N.J.; opened 1932; sales, $5.125MM; seats 500; served 400,000.

115. Father and Son Pizzeria
Chicago; opened 1947; sales, $5.100MM; served 728,000.

116. Mulholland Drive Cafe
New York; opened 1988; sales, $5.100MM; seats 170; served 290,000.

117. China Grill
New York; opened 1987; sales, $5.100MM; seats 215; served 117,500.

118. Occidental
Washington, D.C.; opened 1986; sales, $5.100MM; seats 185.

119. Brennan's of Houston
Houston; opened 1967; sales, $5.082MM**; seats 375; served 199,650.

120. Bimini Boatyard Bar and Grill, Fort Lauderdale, Fla.; opened 1989; sales, $5.077MM; seats 340; served 297,012.

ISSUES & CONCERNS

What issues pose the biggest challenges for operators of nation's largest independent restaurants? Region by region. the answers are primarily the same: the difficult economy, figuring out how to hold prices steady in the face of rising costs, finding good help and top quality supplies, and dealing with stringent governmental regulations.

EAST

"Surviving a recession." —*Christo's, Brockton, Mass.*

"The economy; rising costs; potential for declining sales; availability of fish, seafood and shellfish." —*Dock's Oyster Bar and Seafood Grill, New York*

"Rising cost of employee benefits; continued burden of FICA tax on tips; cost of government compliance and regulations." —*Twin Oaks, Cranston, R.I.*

"Should we reduce staff and/or prices?" —*Water's Edge, Long Island City, N.Y.*

"The economy, which has resulted in layoffs and very slow economic activity and rising costs." —*Kowloon, Saugus, Mass.*

"Health insurance; environmental issues; credit crunch—available financing sources." —*Pals Cabin, West Orange, N.J.*

WEST

"Customer value perception; staff and management training; labor market." —*Harris Ranch, Coalinga, Calif.*

"Trying to keep costs down in order to keep our menu at prices families can afford." —*Spenger's Fish Grotto, Berkeley, Calif.*

"Continuation with a tight labor market; potential impact of economic conditions on tourism; customer dining patterns." —*Space Needle, Seattle*

MIDWEST

"Cost of labor; quality of human resources." —*Bob Chinn's Crabhouse, Wheeling, Ill.*

"To maintain profitability with the increasing wage pressures that we're experiencing." —*Frankenmuth Bavarian Inn, Frankenmuth, Mich.*

"Food costs and the diminishing supply of labor." —*Knickers, Des Plaines, Ill.*

"Hospitalization costs for employees; an inadequate labor market; extremely value/cost conscious consumer." —*Tangier, Akron, Ohio*

SOUTH & SOUTHEAST

"Recycling; preparing for new handicap laws." —*The Angus Barn, Raleigh, N.C.*

"Recession and the effect on tourism; quality help; seafood pricing and availability." —*Harpoon Louie's, Jupiter, Fla.*

"Improving the quality of service." —*The Forge, Miami Beach, Fla.*

"Recession; inflation; health insurance; work compensation; fuel costs." —*Unicorn Village, North Miami Beach, Fla.*

"Changing government regulations, unavailability of foods to meet our standards." —*Rascal House, Miami Beach, Fla.*

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GREAT EXPECTATIONS

Restaurants too new to make the ranking this year that are likely to be among the Top 100 in coming years include the following:

Chesapeake House, New York: Owner Peter Ashkenazy teamed with real estate developers Arthur Cohen and Elli Hirschfeld to build this 300-seat seafood restaurant in a former Shubert theater. Ashkenazy projects first-year sales of $6 million for the restaurant, scheduled to open in April.

Wilt Chamberlain's, Boca Raton, Fla.: Opened in January, this combination sports bar and family restaurant is the most recent offering from south Florida restaurateurs Dennis Max and Burt Rapoport. Max projects first-year sales of $6 million for the 175-seat restaurant.

TriBeCa Grill, New York: Drew Nieporent opened this TriBeCa hotspot with a foot-long list of celebrity backers on April 19, 1990. With Chef Donald Pintabona handling the solid menu, Nieporent and company have managed to survive the fickle conceits of New York's see-and-be-seen crowd to develop a loyal neighborhood clientele. Nieporent projects first-year sales in excess of $6 million.

Sam and Harry's, Washington, D.C.: Michael Sternberg and Larry Work's belief that Washingtonians were tired of "cute, fussy food" prompted them to open this 168-seat steakhouse in April. Emulation of the meat-and-potatoes formula that developed loyal clientele at classic steakhouses, including The Palm and Lawry's The Prime Rib, is paying off: The restaurant will gross $4 million in first-year sales.

Black Forest Tavern and Gardens, Houston: The first restaurant venture of Houston pub operator Fintan Keyes, the Black Forest combines an authentic German pub and 175-seat restaurant with a sprawling, year-round outdoor beer garden that seats 2,500 and features a 6-week-long annual Oktoberfest celebration and other music fests. Keyes projects first-year sales in excess of $4 million for the Black Forest, which opened in August 1990.

Broadway Deli, Santa Monica, Calif.: California restaurateurs Bruce Marder, Marvin Zeidler and Michel Richard confidently projected first-year sales of $8 million for this international deli before it even opened. Since its launch in May 1990, the 200-seat restaurant has been generating revenues in excess of $600,000 a month—right on target. Open nearly round the clock, (7 a.m.-2 a.m. daily), the deli has a broad menu. Checks average $14.

Eureka Restaurant and Brewery, West Los Angeles, Calif.: Wolfgang Puck and Barbara Lazaroff's bustling brewpub features three kinds of beer brewed on premises and an eclectic menu that mixes ethnic metaphors. Opened in May 1990, the restaurant seats 180. The bar—which has a separate menu—seats 34 more. Owners project first-year sales in excess of $5.5 million.

EXPANSION PLANS

There will be fewer new restaurants from operators of the nation's highest-grossing restaurants this year than there were last. Last year, restaurateurs discussed plans for 36 new restaurants; this year 15 are planned.

EAST COAST

Joyce Steins, owner of Cafe Iguana (80), New York, opened Le Bar Bat, a Pan-Asian restaurant, in New York in February. . . . Siblings **Maguy and Gilbert Le Coze**, owners of Le Bernardin (53), New York, are planning a casual restaurant to open in Miami's Coconut Grove district in September 1991. . . . **Walter and Marvin Rosen**, owners of Junior's (61) in Brooklyn will be opening a Manhattan branch this year. . . . **Pino Luongo**, co-owner with the Pressman family of New York's Le Madri (90), plans a Chicago Le Madri and will be duplicating his Dallas Piccola Cucina concept in Washington, D.C., and Tokyo this year. . . . **Vittorio Testa**, owner of the Leonardo da Vinci Ristorante (30), Washington, D.C., is negotiating for space to open a new restaurant on the East Coast this year. . . . **John M., John E. and Albert Taxin**, owners of Philadelphia's Old Original Bookbinders (27), hope to open another restaurant in Philadelphia, (or within a 100-mile radius of the city). . . . **Brian McCarthy**, who's been selling roast beef sandwiches to walk-up customers at Kelly's Roast Beef (38), Revere Beach, Mass., for 40 years, is taking his sandwich savvy to Boston's North Shore. McCarthy plans a 300-seat restaurant with parking for 160 and a double-drive-thru to open late in 1991.

MIDWEST

Dean Vlahos, owner of Champps Americana (98) in Minnetonka, Minn., is opening two restaurants this year: one this month in New Brighton, Minn., the other in Cincinnati in September. . . . **Herman and Jan Berghoff**, owners of The Berghoff (24) in Chicago, teamed with general partner **William Marquardt** and investment banker **Armand Norhead** to open The Berghoff Brewery and Restaurant in Chicago the first of this month.

SOUTH & SOUTHEAST

The Brennan family, owners of Commanders Palace (69) in New Orleans and a contender, Brennan's of Houston, have leased space in New Orleans' De la Poste Motor Hotel to open a new restaurant in April. The family also is opening the Palace Cafe in New Orleans' turn-of-the-century Werlein's music building this year.

WEST

Wolfgang Puck and Barbara Lazaroff, owners of Spago (78), West Hollywood, Calif., say their restaurant in the works, Granita, will open in Malibu, Calif., this May. **R&I**

For information circle 135 ⟶

ACTION EXPRESS

ADVERTISING INDEX

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Menu-part distinctions blur as appetizers, soups, sides and salads are treated as entrees, and all dishes are pepped up and punched with flavor.

MENUS & MARKETS

Customers change so fast, it can make your head swim. But building a menu that follows those changes is essential to keeping your head above water.

By Brian Quinton

The first baby boomers turn 50 in five years. One of every four adults now eating away from home orders a takeout meal. Salmon dishes are as popular on today's menus as beef stroganoff and chop suey were in 1970. And the fastest-growing demographic group of the '90s will be those over 85; the ranks of the "old-old" will swell by 42% in that period.

Is your menu ready for all this?

Marketing the menu begins with learning your market. And that's the problem; the foodservice customer base has gone through some quicksilver changes in recent years. Population shifts have altered its look, lifestage and ethnic makeup. Economic dislocations have changed its spending habits. Compared to 10 years ago, consumer tastes are more eclectic, more willing to accept higher flavor profiles and more "exotic" dishes. At the same time, today's diners bring an entirely new set of social attitudes through the front door: attitudes about nutrition and the part that dining out plays in their enjoyment of life.

Most of all, they are *fragmented*. As with every other product, foodservice marketing has been forced to switch targets over the decades from traditional families in the '60s to nontraditional households in the '70s and early

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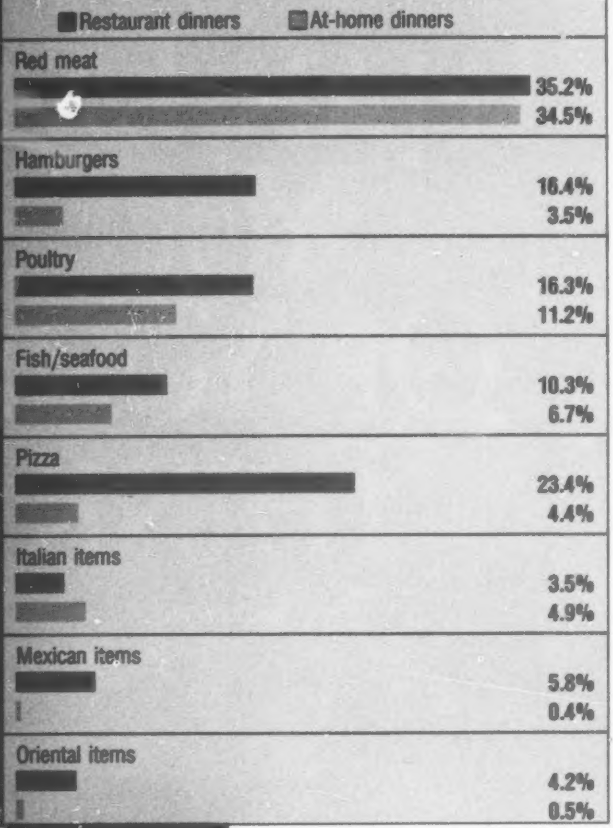
THE
BARN
BURNER

WHAT'S FOR DINNER?

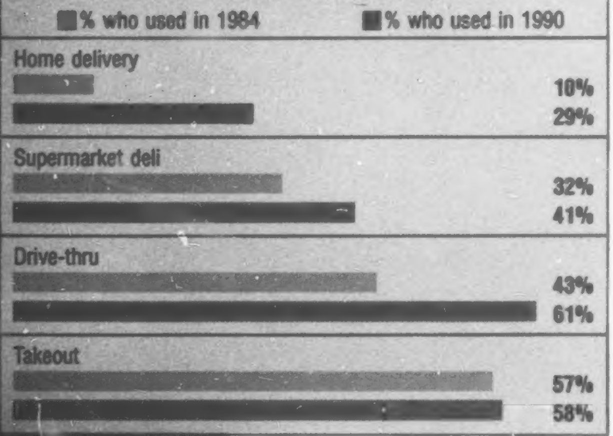
As NPD/CREST's 1990 National Eating Trends survey shows, significantly more hamburgers, pizza, Mexican and Oriental food are eaten in restaurants than at home in the dinner daypart.



Source: NPD CREST National Eating Trends survey 1990

FOR HERE OR TO GO?

The proportion of the public who consume their orders off the premises has increased over the last six years. But takeout only inched up, while home delivery and drive-thru sped ahead.



Source: 1990 *R&I* Tastes of America

Eclectic menus like Bub City's (l.) in Chicago offer patrons high flavor.

THE '90s MENU GIVES THE CUSTOMER CONTROL

continued from page 12

'80s. Today the most effective marketing takes aim at the *individual* as the primary unit of consumption.

CHANGING TASTES

For the last two decades, *R&I* has tracked the popularity of specific foods up and down the average menu. For example, chicken fillets were not part of the average menu 20 years ago; today they can be found on 63% of all menus. Chicken nuggets also came from nowhere two decades ago to appear on 40% of all current menus. But fried chicken, which was on about three-quarters of all menus in the early '70s, dropped to half of all menus by the late '80s.

As might be expected, many of the most dramatic increases over those years came in lighter fare or dishes favored by calorie- and cholesterol-counters. Gazpacho, catfish, salmon, broccoli and decaffeinated coffee posted big gains. But big declines befell items deemed trouble by the health-conscious: beef stroganoff, Russian dressing, chop suey and egg-salad sandwiches, for example.

But the diet dichotomy lives. Cheesecake went from 41% of all menus in the '70s to 62% by 1989. And pizza, cheeseburgers and ice cream have never fallen out of public favor. Certain desserts have fared equally well. Ice cream is an American perennial. The *R&I* Menu Census found it on 64% of all menus in 1970, and on 67% of them in 1989.

GROWTH OF THE AMERICAN MENU

Broccoli's up—despite a presidential veto. Fried chicken's down. And the cheeseburger is always with us. Back in 1970, *R&I* began asking commercial and institutional operators what they put on their menus, and we have kept an eye on the American bill of fare ever since. Here is a selection of the most interesting moves up—and down—the menu.

	On % of menus in		
Item	**'70s**	**early '80s**	**late '80s**
Cottage cheese	70.5%	62.5%	45.7%
Guacamole	9.0	11.6	21.1
Nachos	—	8.1	36.0
Potato skins	—	8.8	25.0
Consommé	31.8	27.4	22.0
Gazpacho	7.4	12.2	24.7
Bean salad	5[illegible]	41.4	23.9
Spinach salad	28.2	38.1	41.8
Ranch dressing	—	28.7	51.2
Italian dressing	51.1	67.9	75.1
Russian dressing	34.8	29.0	21.1
Beef stroganoff	40.6	38.3	26.9
Chop suey	40.0	35.4	21.9
Chicken fillets	—	40.4	62.9
Chicken nuggets	—	21.3	40.5
Fried chicken	73.6	66.0	51.1
Turkey roll	38.3	29.5	14.8
Catfish	11.5	15.2	39.5
Salmon	25.9	30.2	40.5
Calamari	3.6	5.1	12.2
Pizza	31.1	38.2	43.9
Baked beans	57.8	53.0	41.0
Broccoli	49.1	59.4	66.0
Corn on cob	46.8	40.7	33.0
Cheeseburger	70.2	72.7	73.8
Egg-salad sandwich	53.1	48.6	35.8
Gyro	6.5	7.9	15.0
Seafood-salad sandwich	—	16.2	33.7
Sloppy joe	39.3	35.9	24.1
Cooked cereal	48.5	36.1	44.6
Omelet	47.3	37.6	44.6
Bagel	12.2	20.3	38.7
Breakfast potatoes	41.7	40.2	50.0
Prunes	48.5	27.6	20.4
Yogurt	—	14.8	25.8
Decaffeinated coffee	65.0	69.8	83.3
Iced tea	70.9	78.1	84.9
Low-fat milk	44.2	50.3	60.2
Mineral water	12.1	19.1	38.2

Source: *R&I* Menu Census, 1970-1989

American consumers are also opting for more flavor in their foods, both at home and away. U.S. diners consumed a record-setting 762 million pounds of spices in '89—almost 20% more than in '88.

Part of that increase is due to the growing popularity of spicier, more authentic ethnic and regional foods. A 1989 survey done by the National Restaurant Association showed that of 635 adults surveyed, 40% had ordered a Chinese, Mexican or Italian meal in the preceding month. Six percent to 10% had gone out in the same period for Japanese, Latin American or European cuisine (French, Spanish, German, Greek). And 3% or less said that during the prior month they had sampled the more arcane "third tier" of ethnic cuisines at a Caribbean, Middle Eastern, Thai, Korean, Vietnamese, Scandinavian, Russian or African restaurant.

What about the recent past? According to a study published in September 1990 by NPD/CREST, Park Ridge, Ill., one of last year's

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Menus for the '90s require a variety of new products. The *R&I Marketplace Sourcebook* is in the mail. Watch for it!

NEW TARGET MARKET: THE INDIVIDUAL

continued from page 16

Fathers as care-givers

growth heroes was exactly that. The hero sandwich increased its share of total restaurant orders by 20%. Poultry sandwiches and Oriental and Mexican items also registered big gains among restaurant diners. On the down side, fish sandwiches fell off 16% between '89 and '90, as did breakfast doughnuts and sweet rolls.

And the NRA ethnic study shows that Oriental food—which ranks behind Mexican in the percentage of dinner orders away from home, and behind Italian in dinners eaten at home—is nevertheless the top ethnic takeout cuisine. One-quarter of those surveyed ordered Oriental takeout in the prior month, compared to 17% each for Mexican and Italian.

CHANGING FACES

Think of the baby-boom generation as the pea in the old shell game. Every time you think you know where it is, it's moved. Right now, baby boomers are departing the lucrative 25-to-34 age bracket that helped fine dining hit its mid-'80s heights. That age group is now the address of the Baby Bust, those born from 1965 to '76; and that promises a 15% drop in this market through the '90s.

Adding insult to injury, the greatest decrease in growth rate from now until the year 2000 will occur among teens and young adults—another once-prime source of restaurant diners. By the turn of the century, the 18-to-24 population will be 4% smaller than it is today.

Teen market in eclipse

But operators needn't squeeze too hard to turn these demographic lemons into lemonade. There's *good* news out there too. For one thing, most baby-boomer households have children right now. More than 4 million babies were born in 1989, the greatest number since '64. Of older boomer parents (45 to 64), 26% have children under 18; 21% live with children age 21 to 24. Having delayed everything from graduation to marriage to childbirth, baby boomers are now more disposed to spend time with their offspring in family pursuits—including eating out.

Keep your eye on that 45-to-64 market, the one with the fewest responsibilities at home and the most income to spend on indulgences. It will grow a whopping 46% by the year 2000. Taken together with the 35-to-44, they will make up more than two-thirds of the U.S. population by 2000 and will control more than half its spending power.

If that's not enough, the leading edge of the baby boomlet that began in '77 entered their teens last year. By the turn of the century, you'll see 15% more of the 13-to-17 group than you do today.

Working women wield clout

But this talk about demographic groups ignores that one overriding trend, market fragmentation. Slower population growth means tighter competition for top-spending blocs like the boomers. Operators can dive into that fray and hope to survive, or they can reach beyond the marketing mainstream and mine smaller pockets of opportunity.

Here are some notable splinter markets for the '90s and beyond:

Women in charge. Career-minded baby-boom women are becoming a major force in the workplace, accruing the trips, business lunches and buying decisions that come with seniority. Working women who want to make families a priority are finding ways to stay on the job while raising kids. And a progressive redefinition of "family" means more and more children are growing up with a single parent—most often, the mother. By 2000, more than half of all children will spend part of their lives in a single-parent home; and a vast majority will not remember a time when their mothers did not work. A related factor: Given

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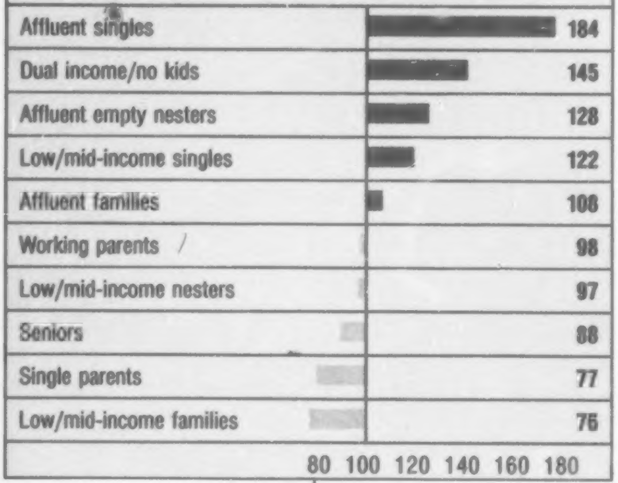
Hispanics hit the big time

Menus for the '90s require a variety of new products. The *R&I Marketplace Sourcebook* is in the mail. Watch for it!

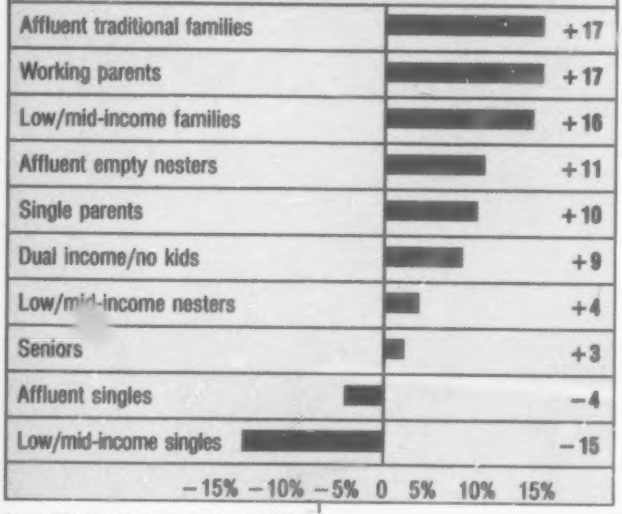
AMERICAN TASTES ARE GETTING HOT

RESTAURANTS' BEST CUSTOMERS . . .
When meal occasions are indexed to a 100 average, well-off singles, DINKs and empty-nesters become operators' best friends, low- or middle-income families their toughest sale.



Source: NPD/CREST National Eating Trends, 1990

. . . AND THOSE GETTING BETTER
They might not rival rich singles yet, but traditional families and working parents hiked their restaurant use most from '84 to '90 (figured by increase in annual visits per person.)



Source: NPD/CREST National Eating Trends, 1990

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these situations, many dads will have more care-giving—and kid-feeding—responsibilities than they used to.

The standard mom-pop-and-2.6-kids family is also in decline as a market force. Single-person households, now 25% of the total, are expected to outstrip married-with-children households (27% of total) by the end of the decade.

Grandparents and empty nesters. Get ready for Grandpa and Grandma Boomer. By the end of the century, 33% of all grandparents of children under 18 will be of post-World War II vintage. The generation reared on indulgence finally reaches the lifestage known for spending on *others.* Not that this means a surge of self-denial; many people, upon reaching 50, will find that departing children leave a wake of additional income in need of disposal on cars, home furnishing, travel—and dining out.

Nonwhite "minorities." In 1960, nine out of 10 consumers in America were white; by 2000, that proportion will drop to three out of four. The most rapid growth has been, and will continue to be, in the Hispanic and Asian categories. Hispanics, now about 9% of the U.S. population, posted a 38% growth rate between 1980 and 1990 and will be the country's largest minority group by 2010. As for the Asian-American market, its 89% increase from 1980 to 1990 should continue at a comparable rate through 2000.

■ By 2000, 50% of all kids will spend time in a one-parent family.

Operators who wish to catch the next social wave must know how their product appeals to these markets, particularly in the high-growth Sun Belt and West Coast states. For example, nonwhites are much less likely to use a restaurant for eat-in dining than for take-out, and much more likely to go out for dinner than for lunch. Hispanic consumers tend to seek fast-food restaurants with a high kid-appeal factor (toys, playgrounds), while Asians as a group em-

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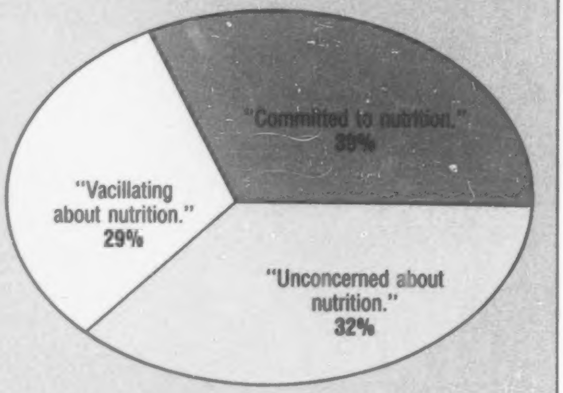
Menus for the '90s require a variety of new products. The *R&I Marketplace Sourcebook* is in the mail. Watch for it!

HERO SANDWICH IS TODAY'S MENU HERO

THE PUBLIC'S SPLIT ON HEALTHFUL DIET . . .

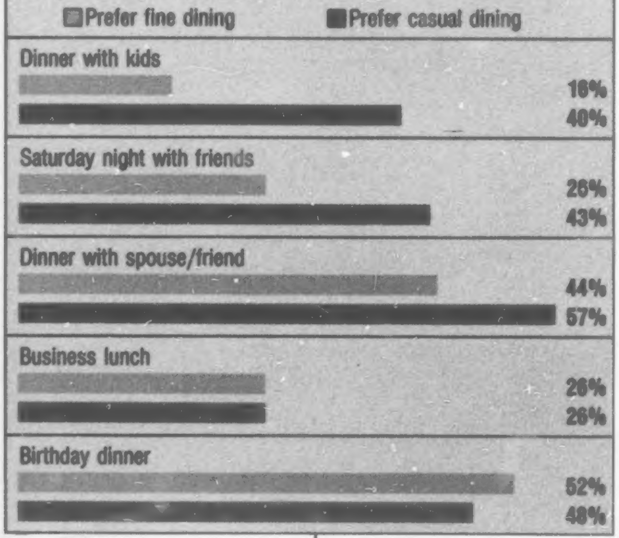
An NRA/Gallup survey shows a three-way split among adults on nutrition. The health-conscious enjoy a small lead, but tend to eat out less than the "un-conscious."



Source: National Restaurant Association/Gallup Health and Nutrition Attitudes survey, 1989

. . . BUT TAKES A CASUAL APPROACH

Casual dining is preferred to fine dining at most social occasions, goes head to head with upscale alternatives for business meals, and just barely loses out for celebrations.



Source: NRA/Gallup poll

Today's diners need a menu as diverse as they are.

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phasize menu and value more than atmosphere or service.

CHANGING HABITS

Besides keeping an eye on the tastes and demographic makeup of their customers, operators must figure in the social attitudes that affect the way people use restaurants.

Casual preferences. One well-publicized preference is the trend to casual dining. A 1989 survey conducted by the National Restaurant Association and the Gallup organization gave customers a choice between casual restaurants and fine dining for five different types of meal occasions. Result: Customers opted to go casual for three of them—eating out with kids, a Saturday night out with friends, and as an alternative to cooking at home.

And casual patrons go out to eat more often than their high-end counterparts. Seven out of 10 respondents to the NRA/Gallup poll eat at a casual table-service restaurant once a month or more, compared to four in 10 who use fine dining. Twenty percent had never eaten in an upscale restaurant; all but 6% had eaten in a casual restaurant.

The health-conscious. The other societal trend that operators must attend to is a new commitment to health and nutrition. This has received lots of press, of course, and might in fact have been blown out of proportion; just owning a rowing machine doesn't make one a fitness fanatic. But a recent *Advertising Age* survey found that 67% of those polled claimed they did some daily activity that helped keep them physically fit. The same survey in 1985 found 44% willing to say the same.

It makes sense that fitness and health concerns should be on the upswing as the baby boomers move into the 45-to-54 age bracket, with its attendant aches and ailments. (Notably, the exercise most respondents in the *Ad Age* polled espoused was

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MINORITIES, THE MIDDLE-AGED ARE HOT MARKETS

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walking—cheap, aerobic, and easy on the joints.)

A 1989 NRA survey found that 39% of the U.S. adult population described themselves as "committed to nutrition," up slightly from the 35% who said the same in 1986. For the same period, the number who said they were "unconcerned about nutrition" dropped from 38% to 32%, and the undecideds "vacillating" on the importance of good nutrition grew by 2 percentage points to 29% in 1989.

Committed patrons, this study found, are more likely than average to order raw-vegetable appetizers, skinless poultry, broiled or baked fish, low-fat yogurt and whole-grain breads. They believe restaurant menus should include choices for special diets. To no one's surprise, unconcerned patrons are more-than-average consumers of rich desserts, steak and roast beef, regular soft drinks, fried fish and premium ice cream.

And the undecideds? They're taking a bit from both of those menus. They order lean meats, low-salt items and decaffeinated coffee more often than the average customer. But they can also be tempted with rich desserts, premium ice cream, regular soft drinks, steak and roast beef.

What do findings such as these say about the foodservice market? Once again, customers are moving toward diversity and individualized control: They want *what* they want, *when* and *how* they want it. That's a tall order indeed. But by building a little foresight and flexibility into the menu, a savvy operator can give diners what they want about as fast as they know they want it.

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DAYPARTS: ROUND-THE-CLOCK SALES BUILDERS

A new menu or new menu items can put a shine to lackluster dayparts and create meal occasions—without increasing overhead or raising prices.

Breakfast remains the daypart with a big growth potential. After a growth spurt between 1985-1987, commercial breakfast business reached a plateau. It currently represents 11.6% of the market (according to Park Ridge, Ill.-based NPD/CREST).

A.M. STRATEGIES

Successful strategies for adding breakfast business include revitalizing breakfast and brunch menus with contemporary (including "light") items, adding a service twist, courting a target market such as children and seniors with special menu items and smaller portions, catering to business with breakfast meetings, and offering breakfast items to go.

The idea of fast, convenient breakfasts might have originated in fast-food and family-dining chains, but it moved quickly to other foodservice segments. La Mirada, Calif.-based Denny's (where menu items that have a 10-minute-or-they're-free service guarantee are marked by a stopwatch), might have its record, if not its volume, bettered by the Waldorf-Astoria in New York, which promises *60-second service* on its Continental breakfast. (See "Eye Openers.")

SIGNATURE BRUNCH

Brunch, a low-cost meal occasion with a high perceived value, traditionally has been the preserve of hotels, where elaborate brunches are made possible by the built-in advantage of large staffs and facilities. However, restaurants can create a signature brunch. Consider, for example, the New Orleans jazz brunch. This theme brunch, made popular by New Orleans restaurateur Ella Brennan at Commander's Palace, profitably continues in the '90s with the new lighter style of contemporary Cajun-Creole cooking at Mr. B's Bistro. There, her nephew and niece, Ralph and Cindy Brennan, and Chef Gerard Maras turn out a successful brunch menu with traditional drinks and sides and specially plated items: For example, an andouille, spinach and Cheddar omelet ($10.95), spicy barbecued shrimp ($13.75), and Eggs One and One (one Egg Benedict, one Egg Creole), or fried eggplant round topped with a poached egg, Creole sauce and served with andouille ($10.25). These are served with gumbo or fresh fruit, tea or coffee.

BREAKFAST TAKES

As customer traffic by meal occasion (below, expressed by percentage) shows, breakfast still represents the smallest slice of the commercial foodservice pie (1990 figures).

Meal occasion	Traffic
Breakfast	11.6%
Lunch	36.3
Dinner	41.3
Snacks	10.8

Source: NPD/CREST

But in a recent *R&I* survey of 33,165 institutional operators, breakfast proved a popular meal occasion.

Institution	Serves breakfast
Hospitals/Nursing homes	90.4%
Colleges/Universities	90.0
Schools	84.8
Contract feeders	71.6
Self-op in-plant	59.6
U.S. government	50.0

CORPORATE CATERING

Don Clawson, food and beverage vice president, Radisson Hotels International, says that the hotel chain considers its breakfast a success if traffic in a la cart outlets reaches 60% or more of guests, and if room service reaches 15% or more.

In 1985, he says, Radisson

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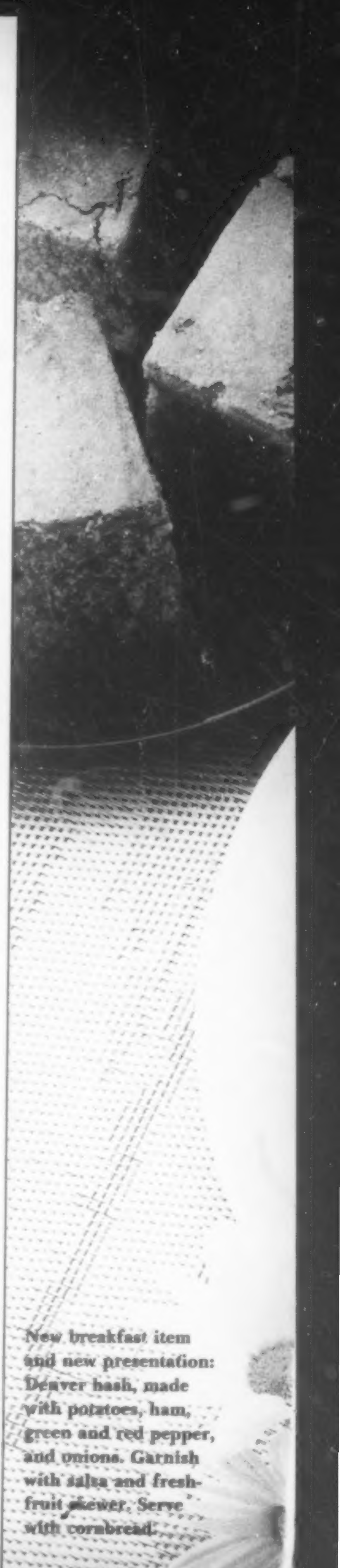

New breakfast item and new presentation: Denver hash, made with potatoes, ham, green and red pepper, and onions. Garnish with salsa and fresh-fruit skewer. Serve with cornbread.

Menus for the '90s require a variety of new products. The *R&I Marketplace Sourcebook* is in the mail. Watch for it!

POPULAR FOODS CAN BE DAYPART BRIDGES

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opened its private dining rooms, which seat 10-20, for catered corporate breakfast meetings for in-house guests or local businesses. "It has been very successful," he says, estimating that the private dining rooms average 50% occupied.

INSTITUTIONAL TAKEOUT, TOO

Growth in takeout and delivery is a well-documented trend, and the institutional segment has not been slow to capitalize on it. When schedule changes at the Portland, Ore., school district meant less time for breakfast, participation dropped from 8,500 to 6,000. But when Foodservice Director Bob Honson implemented a menu of portable breakfast foods, participation increased 15%-20%. In addition to fruit, juices and milk, the program offers hand-held to-go items such as whole-wheat cinnamon rolls with fruit fillings.

The principle applies to older students as well. "Our kids will eat just about anything that they can pick up, for example, hash-brown potatoes in squares, triangles or patties," says Ted Smith, foodservice coordinator at Michigan State University, East Lansing. He also notes an increase in demand for muffins. One addition is a carrot-zucchini-nut muffin larger than a cupcake.

MENU BRIDGES

The practical, profitable idea of dishes that can serve more than one meal period probably started with the 24-hour breakfast houses. Certainly, eggs are one of the six great popular foods that can serve more than one meal period.

Low-cost eggs go from breakfast to lunch to dinner, changing their seasonings, sauces, accompaniments and style as they go. Poached or scrambled for breakfast, they appear as egg salad for lunch and as the lunch or dinner omelet or quiche.

Soup can be a starter, part of a lunch combo (soup-sandwich, soup-salad), or a one-dish dinner entree. It can be a breakfast course, as is the miso soup served at the Radisson Hotel, San Diego.

Sandwiches go from breakfast with eggs and cured breakfast meats to lunch with endless fillings, both open- and close-face, and to dinner with hot meat and gravy sandwiches, and hearty steak sandwiches.

Salads, once a side dish, now span the menu from appetizers to main-dish lunch and dinner salads. And noodle this: Pastas, which also can be appetizers, side and main dishes, also might be main-dish salads.

Pizza, historically one of the first courses in a traditional Italian meal, is now an appetizer, or a main course for lunch and dinner. Now the '90s find it making its appearance at breakfast.

■ **Pizza is one of the six great dishes that span two or more meal periods.**

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SIX MENU BRIDGES

EGGS: Frittata of the Day. Lunch plate served with french fries, choice of corn biscuit, muffin or toast . . . Market price
—Coco Nuts, Sausalito, Calif.

SOUP: Soup, salad and fruit bar. All you care to eat from more than 40 items. Dinner offering . . . $3.79
—Shoney's Inc., Nashville, Tenn.

SANDWICH: Steak sandwich. Dinner item of top sirloin steak broiled to order, served open-face with french fries and soup or salad . . . $6.95
—Lyon's Restaurants Inc., Foster City, Calif.

SALAD: Country shrimp salad in sweet-potato biscuit with melon relish. A luncheon main course . . . $15.50
—The Mansion on Turtle Creek Restaurant, Dallas

PASTA: Pasta with shrimp, artichokes and country ham. A lunch entree . . . $7.50
—Jilich's, Charleston, S.C.

PIZZA: Pizza Prima Colazione. Brunch bacon and eggs pizza . . . $5.95
—Convito Italiano, Chicago

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DESSERT SALES ARE SWEETER THAN EVER

The dessert menu, like the appetizer menu, is growing in length and breadth with more items and greater variety. Portions are larger, and the trend is American home-style desserts—presented on a pastry tray or cart.

Says Jean Paison, pastry chef for Illinois Street Emporium, a deli and bakery in Indianapolis: "Our customers will order a salad or simple broiled fish and call it lunch—just so they can have one of our desserts." Paison says that European pastries are out and that large, rich desserts are in. Tart and cake slices sell for $3.95 but, she says, in a different market (for instance, New York, Chicago or Los Angeles), the same portion would sell for $5.95.

Marjorie Johnson, pastry chef and partner in Walter's restaurant in Park Ridge, Ill., (where desserts do sell for $5.95 per serving) agrees. Every day the pastry tray with a dozen different desserts—portioned and plated—is brought to customers' tables by wait staff, who rely on it as a selling tool. Dessert portions are very large and selections range from towering banana mousse cake (a rich update of banana cream pie), to apple crisp, served warm in a skillet with a whiskey sauce.

When signature desserts are shown on tray to customers at Walter's, 90% can't resist.

"If customers will let the dessert tray come to the table, 90% of them will order a dessert," says Johnson.

A national sampler of hot-selling home-style desserts:

- Hot Chocolate Chip Pie á la Mode with Fudge Sauce, $3.95 (Steven Wade's Cafe, New Berlin, Wis.)
- Apple Dumpling with Cinnamon Sauce, $1.99 (Perkins, Memphis, Tenn.)
- Strawberry Pound Cake Sundae, $2.95 (Pancake Cottage, North Massapequa, N.Y.)
- Atomic Chocolate Cake, $3.50, and Tollhouse Cookie Sundae, $3.95 (The Fireworks Factory, Lake Buena Vista, Fla.)
- Lemon Squares, $1.50, and Chocolate Fudge Cake, $2.50 (Corrado Kitchen, New York).

SWEET POPULARITY

No matter what restaurant customers *say* about dieting, what they *do* is desserts. Figures don't lie: According to NPD/CREST, desserts represent 13.6% of all servings of food in restaurants. Desserts growing in popularity in 1990 were:

Servings	% Increase
Frozen yogurt	33.0%
Cookies	11.8
Pies, cakes, pastries	1.0
Total desserts	2.8

Although the increase in pies, cakes and pastries might seem small by comparison, it is the frosting on a four-year growth trend:

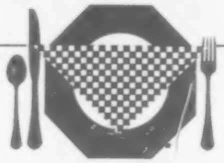
Servings of pies, cakes, pastries

Year	% Increase
1987	5.5%
1988	1.4
1989	2.9
1990	1.0

Source: NPD/CREST

Menus for the '90s require a variety of new products. The *R&I Marketplace Sourcebook* is in the mail. Watch for it!

R&I's MENUS FOR THE '90s



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109 SOUND ADVICE ON IMAGE-BUILDING

Musical offerings can help set the tone for an operation as much as its food and service. Our Focus tells how to use music to target the kinds of patrons you want; how volume and tempo affect atmosphere; and how to get the most sound for your music dollars.

118 THE LANGUAGE OF LIGHT MENUS

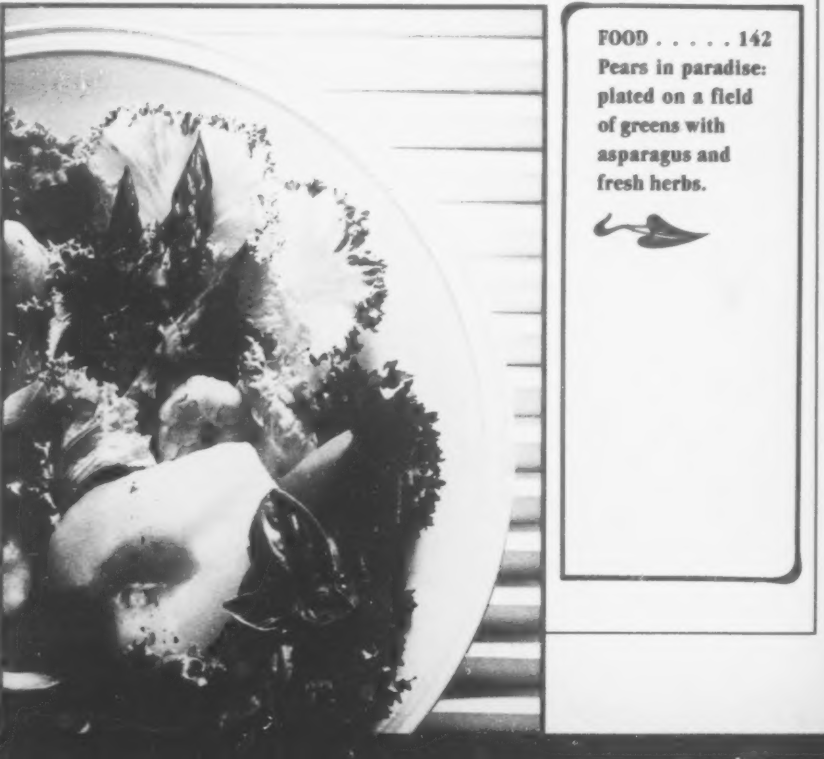
Here's a challenge for operators: Describe the healthful foods on the menu so patrons translate them not as diet food, but as good tasting, good-for-you food. This message is delivered superbly around the country, as *R&I* discovers ways astute operators are turning more customers on to healthful options through the power of menu suggestion.

142 ABOUT THE COVER: UNCOMMON WAYS WITH COMMON FRUITS

Some fruits know no season—and no end of uses. Our Food feature harvests ideas for year-round pairings of apples, oranges, bananas, pears and grapes with meats and vegetables. Appeal to diners' appetites for wholesomeness with uncommon desserts that use these common fruits. The time is ripe to check out our recipes and storage tips.

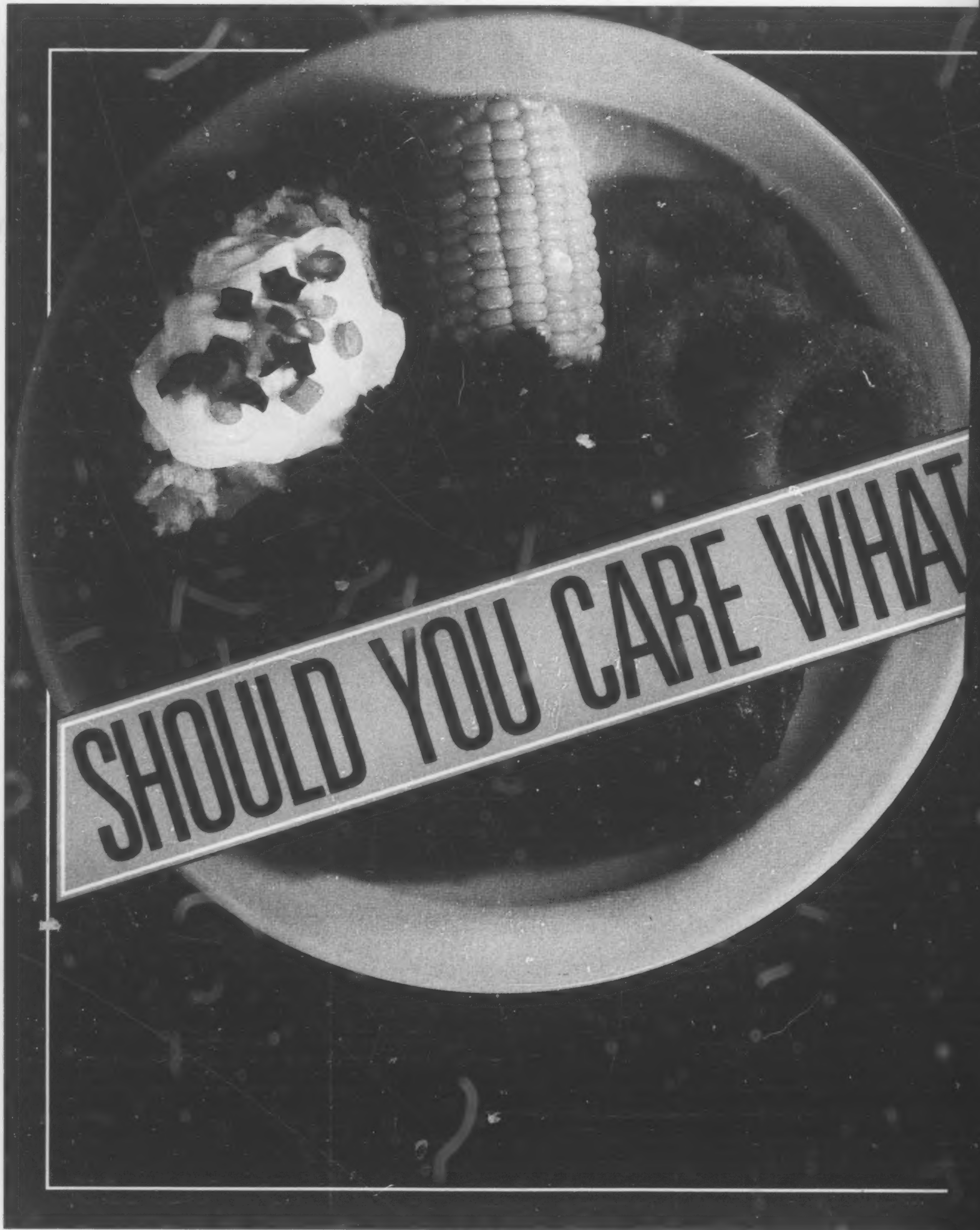
156 COLD SPECIALTY DRINKS POUR IT ON

Patrons like to experiment with unusual flavor combinations and be visually dazzled by the drinks they order. This issue's Product Know-How shows operators how to do both with recipes for refreshing cocktails and mocktails that are profit builders, too.



FOOD 142
Pears in paradise: plated on a field of greens with asparagus and fresh herbs.

R&I EXCLUSIVE



SHOULD YOU CARE WHAT

RESTAURANTS
& INSTITUTIONS

YOUR CUSTOMERS EAT?

[illegible] ing on where [illegible]
[illegible] the country. After [illegible]
[illegible]
[illegible] cost, price, style and [illegible]
[illegible] and hollandaise [illegible]

Diet might increase the risk of disorders that account for more than two-thirds of all U.S. deaths.

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unsaturated fats and high-density lipoproteins.

Some of this new clinical approach can be put down to post-'80s puritanism. But much is also due to the growing body of evidence suggesting a real link between diet and disease—much of it produced by the federal government. In July 1988, a ground-breaking report from the Surgeon General's office named overeating America's top dietary problem, replacing nutritional deficiency. Of 2.1 million Americans who died in '87, nearly 1.5 million died of some ailment that could be associated with diet, the report found.

> **"Diet can influence long-term health more than any other action you can take." —*C. Everett Koop, former***

"What we eat may affect our risk for several of the leading causes of death for Americans, notably coronary heart disease, stroke, atherosclerosis, diabetes and some types of cancer," the report said. "These disorders now account for more than two-thirds of all deaths in the United States." At a press conference introducing the report, then-Surgeon General C. Everett Koop said, "If you are among the two out of three Americans who do not drink or smoke excessively, your choice of diet can influence your long-term health prospects more than any other action you might take."

More recent research by the American Cancer Society suggests that diet alone might be a factor in as many as 35% of all cancers, and recommends that Americans reduce their fat consumption, eat more foods rich in vitamins A and C and high in fiber, and consume greater amounts of what are known as the cruciferous vegetables: broccoli, cauliflower, Brussels sprouts and cabbage.

Studies such as these culminated last fall in a new set of dietary guidelines from the Departments of Agriculture and Health and Human Services. The new document targets specific reductions in dietary fat (from an average of 37% of total calorie consumption down to 30%) and in the average proportion of daily calories from saturated fat (from 17% down to 10%). It also sets a recommended number of daily servings of fruits, vegetables and

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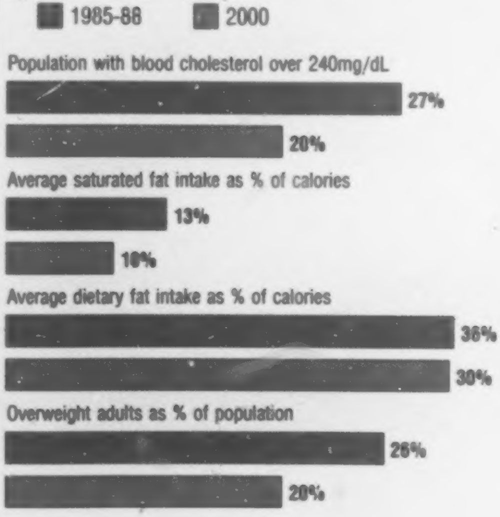
> **"I'm in business to give people what they want. I'm not a doctor." —*Richard Melman, Lettuce Entertain You Enterprises, Chicago***

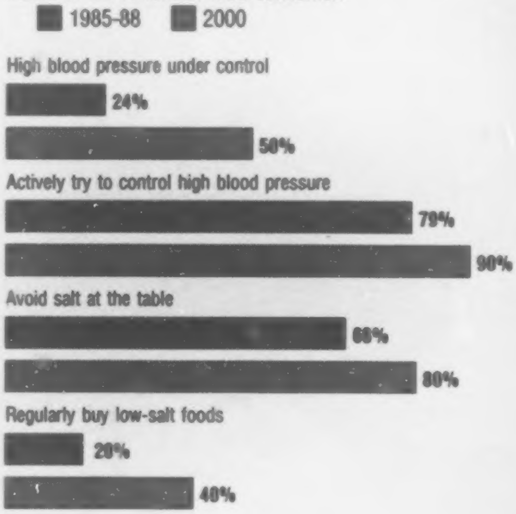
BY 2000: GET HARMFUL HABITS DOWN . . .

The U.S. Department of Health and Human Services has set these goals for reducing disease factors in the U.S. population by the turn of the century.



. . . AND HEALTHFUL HABITS UP

The same agency—in consultation with 300 health organizations across the country—wants to foster the following *good* habits in the American food consumer.



HEALTH & NUTRITION

Harried operators balk at becoming nutritional cops forcing customers to eat their broccoli.

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grains—all this in a positive tone that stresses dietary dos rather than don'ts.

RESTAURANTS' RESPONSIBILITY

But what sounds positive in the halls of government can seem awfully confining on the cooking line. The new emphasis on the diet-disease link has rebounded onto restaurants. This is understandable, since about 43% of total food spending goes for meals eaten away from home. (That figure worked out to $156 billion in 1990.) Last fall, the National Academy of Sciences' Institute of Health recommended that full-service restaurants be required to give patrons a complete nutritional breakdown of their standardized menu.

The National Restaurant Association's response was instantaneous. Such requirements, a spokesperson said, would be creatively restrictive to independent chefs, unfeasible for chains and a financial burden to all.

Some operators—already under pressure to turn a profit and keep up with the public's mercurial tastes—have balked at the notion of becoming nutritional cops, charged with making sure customers eat their broccoli. Many espouse a kind of nutritional laissez faire, relying on the wisdom of the patron to know what he or she needs. "I don't feel it's my responsibility to

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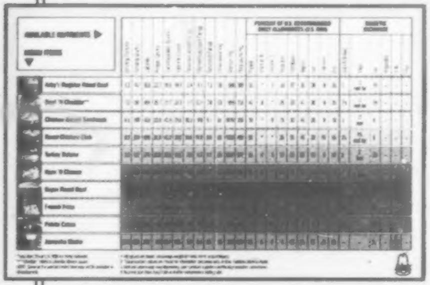
TRACKING THE FAT IN FAST FOOD

Limiting fat intake to approximately 30% of daily calories is tough for frequent fast-food customers, as this breakdown of selected items shows. (Nutritional data taken from documents recently acquired from restaurants.)

Menu item	Calories	Fat* (grams)	[redacted]
McDONALD'S			[redacted]
Quarter Pounder	410	20.7	[redacted]
Big Mac	521	32.4	[redacted]
McChicken sandwich	490	28.6	[redacted]
Lean Deluxe	310	10	[redacted]
BURGER KING			[redacted]
Whopper	628	36	[redacted]
Hamburger Deluxe	322	17	[redacted]
BK Broiler	379	18	[redacted]
WENDY'S			[redacted]
Big Classic	470	25	[redacted]
Chicken Sandwich	430	19	[redacted]
HARDEE'S			[redacted]
Big Deluxe Burger	500	30	[redacted]
Big Roast Beef	300	11	[redacted]
Chicken Fillet	370	13	[redacted]
Steak Biscuit	521	30.4	[redacted]
Chicken Biscuit	447.5	25.1	[redacted]
KENTUCKY FRIED CHICKEN			[redacted]
Original Recipe (2 pc.)	429	23.8	[redacted]
Extra Crispy (2 pc.)	546	33.6	[redacted]
Lite 'n Crispy (2 pc.)	341	18.9	[redacted]
ARBY'S			[redacted]
Regular Roast Beef	353	14.8	[redacted]
Super Roast Beef	501	22.1	[redacted]
Chicken Breast Sandwich	493	25	[redacted]
Roast Chicken Club	610	33	[redacted]

*Includes both saturated and unsaturated fats.



Two-thirds of chains offer printed nutrition material.

THE NEED TO KNOW

Since the early 1980s, consumer advocate groups such as Public Voice and the Center for Science in the Public Interest have asked Congress to require foodservice operations to list the ingredient and nutritional content of menu items. While the industry opposes mandatory labeling, an ever-growing number of operators are voluntarily complying.

As of January 1991, 78% of chain operators have nutrition information available for customers, according to a National Restaurant Association survey. About three-quarters offer data relating to menu ingredients. Approximately 80% of the survey respondents have these details available through corporate headquarters. Two-thirds have printed material about nutrition in units; 35% have ingredient listings at unit sites. Another 25% of chain operators report having either a toll-free telephone number or wall posters listing nutrition and ingredients.

But the controversy continues. CSPI complained after a March 1990 survey that voluntary compliance varied widely among five major chains. In that case, its test of 60 stores in nine states revealed that one chain had nutritional information available in 83% of its outlets: another, in none.

HEALTH & NUTRITION

The AIWF report recommends tracking diet over several days rather than by individual meals.

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serve healthy food," says Richard Melman, founder of Chicago-based Lettuce Entertain You Enterprises. "A number of years ago, I did feel it was a real responsibility, and I tried twice and failed both times. I'm in business to give people what they want. The smart operator knows that 10% of the people want healthy choices, and he provides them. But I'm not a doctor."

[illegible]

"It's just not my concern what shape my customers' diets are in," says one Midwestern operator of hot-dog stands who does not wish to be named. "This whole business is built on *choice*. Customers want a whole range of things, depending on their tastes, their moods and their wallets. You do your best to provide as much of that range as you can, then you stand back and let them choose. If people want burgers and shakes, I've got them. If they want grilled fish or a low-cal salad, I'll sell that to them. If they want sprouts, they have to go somewhere else."

But, especially at the upscale end of the dining spectrum, more and more operators are acknowledging some need to formulate menu items with an eye to their nutritional value. They're still not pushing Brussels sprouts, but many are seeking substitutes for ingredients that a great number of diners probably should cut back on. At Nosmo King in New York, partner Scott Posner uses no dairy products in his entrees, except the occasional special cheeses. Desserts contain some dairy, but many are sweetened with rice or maple syrup instead of white sugar. And there's no red meat at all on the menu.

"Obviously, we are not monitoring our customers' diets," says Posner. "It's not the restaurateur's responsibility to know what they're consuming on a one-to-one basis. But we [restaurateurs] are 100% responsible for providing a completely nutritious meal."

For a joint project with the American Cancer Society, Gielisse modified his restaurant's signature pecan-breaded catfish by replacing some of the high-fat nuts with a portion of bran flakes and substituting apple cider for apple jack in the sauce. Notwithstanding his high opinion of roast pork and mashed potatoes, Gielisse is willing to go looking for healthful replacements for fats and oils. "When modifying the menu, we are conscious of how many sauces we do with cream as opposed to vegetable purée or sauces with citrus and fruit vinegars."

"The public now really puts itself in the hands of the chef," Gielisse says. "There's a big trust level there. I get a lot of people in here who are conscious of their cholesterol levels and just want a piece of plain fish. They ask me if I can do it for them. If they call and say they don't want any olive oil or butter, I'll eliminate that for however many people are at that table. We're an 80-seat restaurant and we've established a regular clientele, so I'll go out of my way to accommodate their needs."

FREE WILL AND FRENCH FRIES

Such customization is at least possible in a white-tablecloth setting, where high-income, nutritionally informed diners can control their intake with a simple talk to the chef. But advocacy groups such as the Center for Science in the Public Interest complain that those same basic tools—understanding, information and choice—are often withheld from the much larger audience that patronizes only midscale and fast-food restaurants. Too few of

[illegible]

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FOOD FOR THOUGHT

How much do consumers know about what constitutes a good, healthy diet? *R&I* recently administered a moderately difficult American Dietetic Association quiz to 50 employees at Cahners Publishing offices in Des Plaines, Ill. The quiz asked simple questions such as whether an ounce of Cheddar cheese has more saturated fat than 2 tablespoons of peanut butter (the cheese does), or whether running a mile burns more calories than walking a mile (they're the same). (For the entire quiz and answers, see Jan. 23 issue of *R&I*, page 34.)

The response to this unscientific survey—the average score was 65%, or barely passing—supports what experts have concluded: namely, that the typical American diner is no longer *completely* nutritionally illiterate—only somewhat ignorant. A 1990 Food and Drug Administration survey concluded that 80% of all retail food shoppers have a "functional understanding" of terms such as cholesterol, calcium, preservatives and sodium.

But familiarity with terms doesn't mean grasping concepts. A 1990 Gallup survey for the ADA shows 40% of consumers don't know the marbling in red meat is fat. And almost 68% don't know cholesterol is found only in animal products.

Advocacy groups say chain patrons lack the powers of understanding, information and choice.

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these customers, they say, are empowered with a working knowledge of what good nutrition is and how it translates into the menu down at their local pizza place or coffee shop.

And while healthful food is finding its way onto chain menus around the nation, it is by no means everywhere. "I was traveling across Colorado looking for a place to eat late at night," says ADA President Mary Abbott Hess. "I went into a Denny's with a 24-hour menu and almost everything on it was fried. You could get soup or salad, but in this day and age to have french fries as the only starch is ridiculous."

The most moderate of these groups stop short of demanding mandatory nutritional labeling. The ADA, for example, has called on restaurants to volunteer information on calories, protein, carbohydrates, fats (including saturated fats), cholesterol, sodium and fiber—but only for those items promoted as healthful options. Privately, Hess says she sees no reason why chains, with their highly standardized, highly stable menus, should not be able to make such information available.

Advertising further complicates the question of choice; free will becomes a problematic concept when billions of dollars are deployed behind prime-time TV campaigns to sway the purchase decision. In the first six months of 1990, the top 10 restaurant chains spent $638 million on advertising—much of it targeted to specific splinter markets predisposed to fast food, such as children, teens and minorities.

Minorities pose a special dilemma because their particular health problems seem to be closely linked to diet. National Institutes of Health statistics show that almost half of black women and one-third of black men exceed their normal body weight by 20% or more, compared with about one-fourth of white men and women. Hispanic men are 2.5 times more likely to develop diabetes than non-Hispanic men, and blacks are 40% more likely to suffer high blood pressure than whites.

"I keep reading where fast-food executives say their menus are healthy when part of a balanced diet," says Ellen Charters Tower, a registered dietitian in Newark, N.J. "But in many low-income neighborhoods they [fast-food restaurants] are the diet of choice for people who can afford it. Fast food *is* what they think of as good food. And for lack of better nutritional knowledge, it's what they think of as *healthy* food, too. Fast-food chains need to provide healthful selections within their menus, not just tell people to go elsewhere for the good stuff."

> **"Nutritionists have a scientific bent, but they eat, too. [They know] the pleasure in food."** ***—Jan Weimer, food writer***

CHAINS BOARD THE NUTRITION BANDWAGON

A growing number of foodservice chains are accommodating the public's nutritional preferences, according to a recent National Restaurant Association survey of both quick-service and family-dining restaurants.

Menu item	[redacted]	1989
Decaffeinated coffee	[redacted]	76%
Entree salads and/or salad bars	[redacted]	71
Skinless poultry items	[redacted]	NA
Reduced-or low-calorie salad dressing	[redacted]	71
Margarine	[redacted]	NA
Grilled chicken sandwich	[redacted]	52
Whole-grain breads or muffins	[redacted]	NA
Fresh fruit (including on salad bars)	[redacted]	29
Decaffeinated soda	[redacted]	NA
Low-fat frozen yogurt	[redacted]	29
Low-fat/low-cholesterol mayonnaise	[redacted]	NA
Low-fat/low-calorie fruit-based dessert	[redacted]	NA
Egg substitutes	[redacted]	NA
Salt substitutes	[redacted]	NA

Note: Not all items were surveyed in 1989.
Source: National Restaurant Association.

IS PEACE AT HAND?

Of course, chains of all kinds are providing nutritious options and information in greater and greater quantities. Fast-food chains in particular have caught the scent of incremental sales from items with the healthful-food halo, and they are likely to roll as many of these as their menu boards can hold. Last year, Oak Brook, Ill.-based McDonald's delivered a one-two punch by building up its healthful menu with items from low-fat shakes to the Lean Deluxe burger, now in test, and with an expanded program of informational booklets, posters and tray liners giving nutritional analyses of its menu. The wide expectation is that if McDonald's does these things, other chains will find it worth their while to catch up.

Not everyone in the nutrition camp is ready to make peace with the quick-service chains. ADA President Hess points to deception in much nutritional data. "A single-serving package of chicken salad with dressing holds 2 ounces, but they do an analysis based on a half-ounce," she says. "Who are the other three people sharing my chicken salad? I don't like it when people play games with customers. That's

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HEALTH & NUTRITION

Brand-name chains make school foodservice more marketable.

BRANDED FOODS IN SCHOOL

One of the biggest problems at school foodservice operations is getting students to believe that the food served is decent quality. To gain students' trust and keep them on campus at lunchtime, directors are bringing in branded items. At the Minneapolis School District, Foodservice Director Jo Ellen Miner is testing both Pizza Hut and Subway products.

"Nutrition is a concern, but it is very difficult to get students to eat food that is good for them," says Miner. "Maybe the Pizza Hut product is a little higher in fat, but there has to be a balance. If we are feeding students one meal a day for 170 days a year, that is about 15% of the food they eat during a year. So you must look at the branding program with perspective. It has been good for the school's public relations and keeps more students on campus."

As for teaching children to develop healthy eating habits, Miner says her program is in no financial position to provide the necessary educational components. "For too many years, school foodservice has been seen as a stepchild of the district," says Miner. "Diet affects children's ability to learn, but educators never perceive nutrition as a necessary part of educational program."

Psychological pleasures of food are as important as nutritional value, says a new diet philosophy.

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dirty, unfair and insulting."

Nutritional marketing is having a spillover effect outside the fast-food arena in midscale dining, as chains such as Minneapolis-based Country Kitchen redesign menus to highlight dishes low in calories, sodium or cholesterol. Even Howard Johnson's is testing flavors of ice milk to add to its original list of 28 ice cream flavors. And buffet concepts such as Fresh Choice and Restaurants Unlimited's Zoopa! are tapping a strong niche market for fresh, healthful dining at a low price. "Good nutrition and value are closely linked," says Martin Culver, president of Santa Clara, Calif.-based Fresh Choice. "Value isn't just a quantity of food in front of you for a reasonable price, but also its quality and nutritional value. We are banking on the fact that people will demand higher quality at a reasonable price."

BEYOND FEAR OF FOOD

Perhaps the most hopeful development on the diet front was symbolized last October, when the American Institute of Wine and Food (AIWF) brought 50 chefs, nutritionists, anthropologists, food editors and cookbook writers together for a three-day symposium on food and nutrition. Attendees included fine-dining notables such as Bradley Ogden of Lark Creek Inn in San Francisco and Julia Child; the science contingent included Dr. Wayne Calloway, an endocrinologist at George Washington University, Washington, D.C., and Johanna Dwyer, director of the Frances Stern Nutrition Center at the New England Medical Center, Boston.

The end result was a report outlining a new way for cooks, dietitians and consumers to look at food: with common sense. Stipulating that there are no "good" or "bad" foods, the group recommends that diners track their food over a period of several days rather than by individual dishes or meals.

For nutritionists, this means recognizing that everything, pork and mashed potatoes included, can be part of an intelligent diet, if eaten in moderation and balanced with low-fat, low-cholesterol foods at an ensuing meal. Food's social and psychological value is given equal weight as its power to fuel the body. "This wasn't a concession on the nutritionists' part," says Jan Weimer, a Los Angeles-based food writer and one of the meeting's coordinators. "Nutritionists have a scientific bent, but they eat, too. The importance of taste and pleasure in food was already there for them."

Chefs and restaurant owners, on the other hand, should recognize their role in combating the epidemic of poor eating in America, the report says. They should use a diversity of high-quality raw materials of optimal nutritional value, putting taste above appearance and reserving fats for dishes where their use makes a big difference in flavor and texture. They should also try to comply with the aforementioned USDA guidelines on reducing fats, saturated fats and cholesterol, and should make these basic contents known about the dishes they serve.

What's really new about this more forgiving approach to the nutrition argument is the revelation that all parties to the debate have valid points to make about food. No one is made a scapegoat for the nation's poor diet, and all sides are given partial responsibility for correcting it, educating consumers into a new, more benevolent view of what food can do to, and *for*, their lives. **R&I**

ACTION EXPRESS

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Cover: Vuksanovich Inc.; inset, Steve Hall, Hedrich Blessing.

Contents: p. 4, Pacific Coast Canned Pears.

***R&I* Report:** "Industry Issues," p. 20, Ron Graddy.

***R&I* Exclusive:** "Health & Nutrition," p. 40, Vuksanovich Inc.; p. 72, University of Southern California.

Special Report: "Growth Strategies," p. 83, 86, Steve Hall, Hedrich Blessing.

Taste: "Menu Marketing," p. 118, Florida Tomato Committee; p. 122, National Honey Board; p. 124, 126, Eric Futran.

Food: "Menu Fare," p. 142, California Table Grape Commission; p. 148, California Iceberg Lettuce Commission; p. 152, Pacific Coast Canned Pears.

Product Know-How: "Menu Merchandising," p. 156, Washington Apple Commission.

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SERVING THE TOTAL FOODSERVICE INDUSTRY C1850-2 APRIL 17, 1991

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20 COST-CUTTING IDEAS FROM R&I's INSTITUTIONAL GIANTS

MENU MASTERS REVEAL THEIR SECRETS

◀ *Pasta & Imagination Stretch The Seafood Dollar*

TASTE OF THE SEA

Chesapeake Classics

Shrimp And Shellfish

More Inside! See Page 4 ▶▶▶

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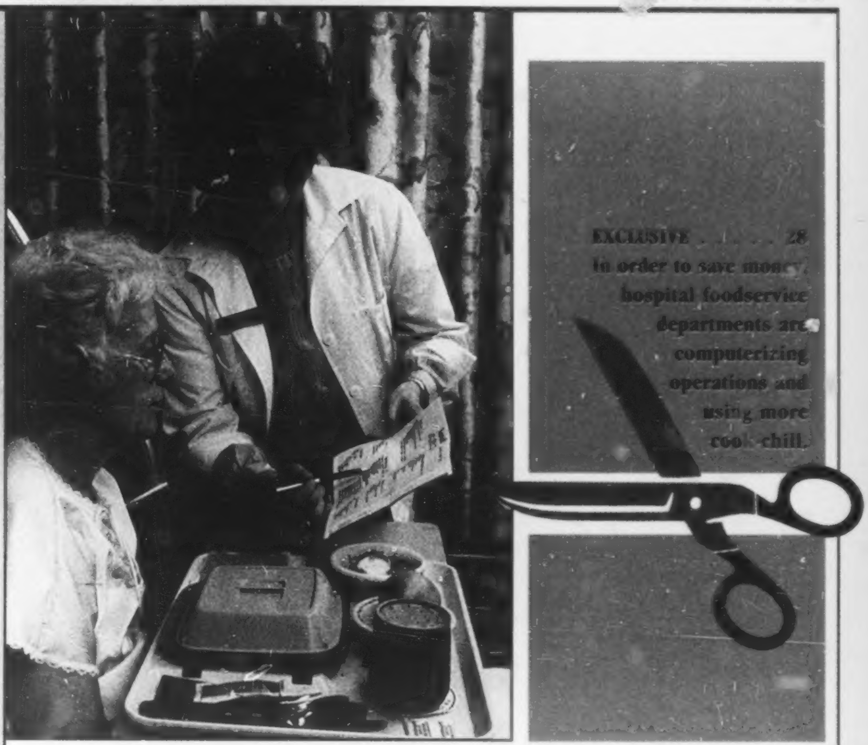


EXCLUSIVE 28
In order to save money, hospital foodservice departments are computerizing operations and using more cook-chill.

28 R&I EXCLUSIVE: INSTITUTIONAL GIANTS' COST-CUTTING GUIDE

Look to this year's Institutional Giants, the country's largest schools, colleges, contract feeders, independent hospitals and hospital chains, and military foodservice operations, for money-saving ideas. Their suggestions could fit into any foodservice operation.

64 SPECIAL REPORT: MENU MASTERS SPILL THEIR SECRETS

Joe Baum, Cindy Brennan, Joe Byrum, Don Clawson, Joyce Goldstein, Michael Grisanti, Ray Lindstrom and Richard Perry all spent an afternoon talking with *R&I* editors about what goes into the creation of a menu. Discover their secrets in this feature.

89 MENUS: MARKETING, PROMOTIONS AND CONCEPTS

This issue's Menus section takes us to Chicago, where a private day school has turned its cafeteria into a mini bistro, and where a cafe offers a 10% discount to specially clothed customers. Also profiled is Shoney's Seafood Fest.

96 EASTERN CLASSICS FROM THE CHESAPEAKE

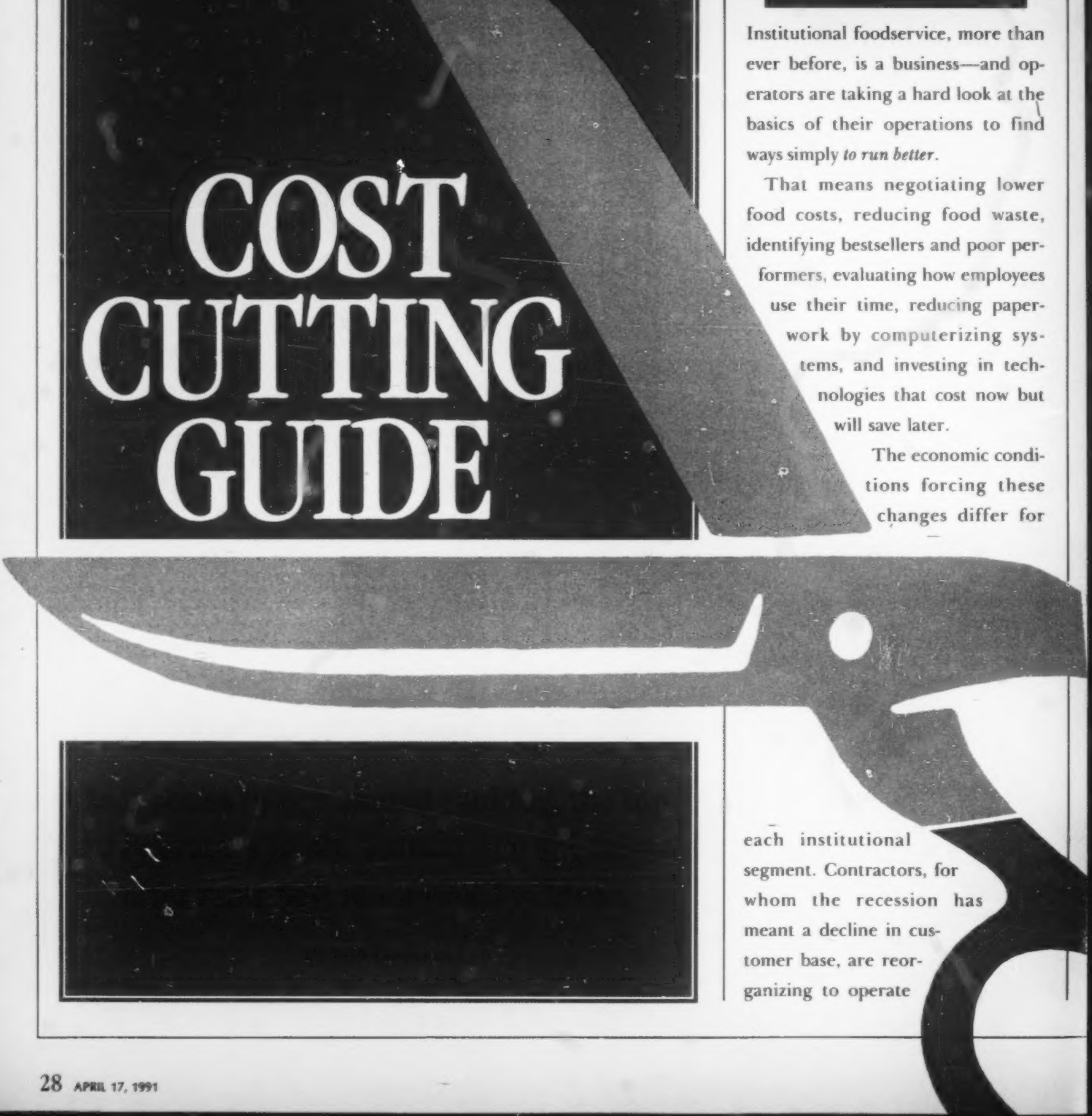
The Chesapeake region is filled with culinary treasures—crabs, clams, oysters, corn, peanuts and tomatoes—that its cooks put to good use in both classic and contemporary dishes. Our Taste feature stops in at some of the area's most innovative restaurants.

110 ON THE COVER: SHRIMP STARS ON THE WHOLE MENU

Shrimp is America's favorite crustacean, according to *R&I*'s most recent Tastes of America survey. And how do diners like their shrimp? In entree salads, fried on seafood platters, and grilled or boiled with piquant sauces on the side. Shrimp and pasta, as pictured on our cover, is a classic, cost-efficient pairing, too. Refer to our Food feature for shrimp recipes.

R&I EXCLUSIVE

COST CUTTING GUIDE



Institutional foodservice, more than ever before, is a business—and operators are taking a hard look at the basics of their operations to find ways simply *to run better*.

That means negotiating lower food costs, reducing food waste, identifying bestsellers and poor performers, evaluating how employees use their time, reducing paperwork by computerizing systems, and investing in technologies that cost now but will save later.

The economic conditions forcing these changes differ for each institutional segment. Contractors, for whom the recession has meant a decline in customer base, are reorganizing to operate by line of business rather than by geographical zone. This specialist approach to foodservice eliminates duplicate jobs and makes lines of communication more direct.

In schools, the loss of many commodities has hit hard—the cheese on a slice of pizza that used to cost 7 cents with commodity allotments can cost as much as 35 cents when the cheese has to be bought outright. Schools with low participation in free and reduced-price meal plans are opting out of the National School Lunch Program because they can break even, and even make more money, from a la carte sales. One director says he firmly believes that reimbursement for free and reduced-price meals will be tied into how well schools follow the new dietary guidelines—making compliance for reimbursement even more complicated.

Many colleges and universities are experiencing declines in enrollment. In Iowa alone, the number of graduating high-school seniors has dropped to 32,000 this year from 50,000 five years ago. Administrations are asking foodservices to give more to the general fund of the whole institution.

In health care, patient stays are shorter and competition is hot. Not only are foodservices looking for new sources of revenue, but it's becoming the norm for foodservice directors to oversee housekeeping, security, laundry, building maintenance and even the mailroom. Health-care facilities are taking advantage of computerization and cook-chill. They are expanding into day care and in-home feeding. And many single facilities are banding together to purchase, and save, in volume.

On the pages that follow, *R&I*'s Institutional Giants share some of their best cost-cutting measures. Most will attest that, despite economic hardships, there has never been a better time to be in the business. Being forced to cut the fat and become more efficient has shown them that they have what it takes to meet the challenge.

SIX GREAT SAVINGS

1. Hillsborough County Schools cuts costs by 3 cents a plate with a new staffing formula.

2. Michigan State saves $40,000 annually in central processing costs with new automated time clock payroll system.

3. Cedars Sinai Medical Center saves $66,432 in labor costs by serving convenience foods.

4. Manor Care renegotiates vendor contracts and saves 3% on food costs.

5. Army & Air Force Exchange saves thousands of dollars with new central test kitchen.

6. Federal Reserve Bank, a Marriott account, cuts food cost by 20% with batch cooking.

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SCHOOLS

Timely equipment purchases, efficient staffing and "smart" buying save schools money.

TOP 10 SCHOOL DISTRICTS

	1990 F&B purchases ($ millions)	No. of schools	No. of students	Meals/ year (millions)
New York City Board of Education Long Island City, N.Y.	$115.0MM	1,253	966,376	125.0MM
Los Angeles Unified School District Los Angeles	74.5	580	620,950	63.8
Chicago Board of Education Chicago	49.3	581	450,000	48.0
Dade County Schools Miami	36.0	270	292,000	38.0
Houston Independent School District Houston	18.7	229	191,284	32.9
School District of Philadelphia Philadelphia	17.6	262	189,511	12.2
Detroit Public Schools Detroit	17.0	260	170,000	17.0
Hawaii Statewide Schools Honolulu	16.4	230	169,000	23.7
Dallas Independent School District Dallas	15.3	185	129,499	15.6
Hillsborough County School Board Tampa, Fla.	13.6	145	125,816	18.6

NEW EQUIPMENT WILL SAVE THOUSANDS
Detroit Public Schools

Sometimes you have to spend money to save money. That's the thinking of Michael Dinan, director of foodservices at Detroit Public Schools. Last year, he allotted $500,000 a year over the next three years to buy five new $33,000 delivery trucks and equipment for 42 base kitchens.

The trucks especially will be a blessing, according to Dinan. "The repair costs on the trucks alone were absolutely prohibitive," he says. "We have 20 trucks delivering meals for 80,000 students at 200 schools each day. Some of the trucks are 10 or more years old. On a daily basis, anywhere from one to five schools were not getting their meals because trucks were breaking down or in the shop." Breakdowns also meant that the district was not being reimbursed for those missed meals—a significant amount of money considering that 80% of the students receive free and reduced-price meals.

Dinan's money came from an existing equipment fund built into his budget that, if not used within the year, went back into the general fund in returned monies. "I met with the new superintendent and he agreed to my equipment replacement plan, even though it meant less money being returned in the short term," says Dinan.

For those districts that haven't the benefit of existing money for equipment replacement, Dinan suggests projecting higher a la carte and reimbursable meal sales and using the higher revenue projection toward an equipment expense line item on the budget proposal. "It means doing everything in your power to increase participation, such as adding breakfast, after school and summer feeding to increase revenues enough to cover the cost of added services as well as new equipment," says Dinan. "Even if you don't quite make your projection in the first year, the efficiencies afforded by new equipment will save you in the long run."

STAFFING FORMULA CUTS 3 CENTS/PLATE
Hillsborough County School Board

When Mary Kate Harrison took over as Hillsborough's director of foodservices in April 1990, the department was in severe debt. "I realized I had to make some major changes in the way we operated, and the place to start was with our staffing allocation formula," says Harrison.

In June 1990, each labor hour produced 12.3 meals; personnel costs per plate were $1.016, 11 cents higher than the previous year. To remedy the situation, Hillsborough enacted a hiring freeze, and employees from overstaffed schools were transferred to understaffed schools. Throughout this "balancing" act, no one was laid off. "Previously, managers would just hire someone anytime they thought labor was tight—there were no controls. Now there are," says Harrison.

As a result of the new staffing formula, the number of meals per labor hour averages 13.8, and personnel costs are down 3 cents per plate. "The changes we made were really tough to do," says Harrison. "But there's a feeling here that we can do anything."

PURCHASING 'SMART' REDUCES COSTS
Dallas Independent School District

Foodservice employees in the Dallas Independent Schools know that cost control is in the details. Tracking inventory; checking sales and traffic histories; scraping No. 10 cans; keeping a tighter control on "hidden cost" items such as straws, napkins and condiment packages; using leftovers in soups; being more careful about not burning food; and tightening portion control are just a few ways they've found to maximize purchases.

Over the past two years, cafeteria managers have refined their food purchasing and usage procedures, and Marjorie Craft, director of foodservices, estimates their efforts have reduced food costs by 2% to 5%. "The tools we need to purchase the right amounts of food have always been in place," she says. "We're just teaching everyone to use them better."

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INSTITUTIONAL GIANTS

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COLLEGES & UNIVERSITIES

Investing in technology, serving to order and recycling all shave food and labor costs.

TOP 10 COLLEGES & UNIVERSITIES

	1990 F&B purchases ($ millions)	Total enrollment	Board contracts	Meals/ year (millions)
Michigan State U. East Lansing, Mich.	$13.8MM	43,166	17,281	7.5MM
Pennsylvania State U. University Park, Pa.	12.5	70,500	14,539	7.0
Brigham Young U. Provo, Utah	11.1	27,000	6,000	11.4
U. of California-Los Angeles Los Angeles	10.1	34,700	4,397	8.5
U. of Michigan Ann Arbor, Mich.	9.0	35,000	8,800	5.0
Notre Dame U. South Bend, Ind.	8.9	10,000	7,000	2.5
U. of Pennsylvania Philadelphia	8.8	18,939	7,495	3.0
Purdue U. West Lafayette, Ind.	8.5	35,500	9,733	4.0
U. of Southern California Los Angeles	8.4	27,000	1,500	5.5
U. of Illinois Urbana, Ill.	8.3	34,300	9,000	5.3

TIME CLOCK TECHNOLOGY SAVES $40,000

Michigan State University

After 26 years, the punch-card time clock and payroll system at Michigan State University was due to retire. But not even the systems department anticipated the savings that a new computerized system would bring, says Dick Sigelko, systems coordinator.

"It used to cost us $45,000 a year to have the cards and payroll processed at a central data-processing unit. With the new system, we pay the unit less than $500 a year," says Sigelko. The new system, which cost $175,000, links three computerized time clocks. Work hours are recorded when full-time and student employees pass their bar-coded ID cards through a laser reader. Each unit processes its own records and sends a payroll statement to central. The system, purchased in fall of '89, will have paid for itself by this summer.

SERVING TO ORDER CUTS FOOD COST 2%

University of Pennsylvania

At the University of Pennsylvania, "just in time" applies to more than an inventory process—it's the way students are served. The program enables foodservices to produce food just as customers order it. Roasts are sliced onto plates; grill items are cooked to order; and deli sandwiches, waffles and omelets are made when they're asked for in special cook stations. When coupled with self-service for soup, salad, ice cream, fruit and bread, the result is a 2% reduction in food cost, fresher food and lower food waste.

"Our computer system has allowed us to create incredible histories by which to predict traffic and sales by item," says Don Jacobs, executive director of hospitality services. "We used to track foodservice traffic in 15-minute intervals. Now we can get a line graph that gives us a minute-to-minute picture of what traffic to expect, what's going to sell and at what rate. And we produce food accordingly."

STORE-HOUR CHANGES SAVE 2% LABOR

Brigham Young University

University policy at Brigham Young requires that only students may be hired for part-time work and they must be paid a starting wage of $4.60 an hour. Since the people and pay requirements are unchangeable, Director of Foodservices Sam Brooks tried to find another way to cut labor costs.

Foodservices carefully studied traffic patterns and sales in each of the seven cash operations. As a result, three operations close at 2:30 p.m. and reopen at 5 p.m., one operation that opened at 10 a.m. now gains a healthy breakfast trade when the doors open at 7:45 a.m., and one operation closes 30 minutes earlier than it used to. In addition, two dining halls close at 1:30 p.m. each day, open as cash operations at 2 p.m. and turn back into dining halls at 5 p.m. "When you take those small savings in labor hours and multiply them by 1,400 student workers, the result is significant," says Brooks.

RECYCLING PROGRAM PAYS FOR ITSELF

University of Michigan

Twice every 10 days, the dumpster at the University of Michigan Union needed to be emptied—at a cost of $500 each run. As part of a campuswide recycling program, the Union purchased a $10,000 cardboard baler and found a local company that would take the baled cardboard away for free. In addition to cardboard, office paper and newspaper are being recycled as well, further reducing the dumpster volume. Now the dumpster only needs emptying every 22 days.

Not only was the baler paid for in the first year of operation, but the Union an additional $10,000 saved in trash-hauling costs. "Many institutions hesitate when starting recycling programs because they fear the cost," says Don Mask, foodservice director at the Union. "But with some initial investment, recycling can really pay off."

The Union has applied for a $250,000 grant through the state of Michigan, which hinges on the Union reducing its total waste by 80%. The money will go toward the purchase of a solid waste pulverizer-pulper.

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INSTITUTIONAL GIANTS

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Prepared foods, purchasing groups and temporary labor all save money.

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	1990 F&B purchases ($ millions)	No. of beds	Meals/year (millions)	Labor cost/ patient day*
Baptist Memorial Hospital Memphis, Tenn.	$6.5MM	2,000	1.2MM	15.14
Cedars Sinai Medical Center Los Angeles	4.9	1,200	2.1	17.58
University of Michigan Medical Center, Ann Arbor, Mich.	4.6	886	2.4	NA
Florida Hospital Orlando, Fla.	4.5	1,150	1.7	17.00
University of Iowa Hospital Iowa City, Iowa	4.3	1,100	2.1	22.54**
Cook County General Hospital Chicago	4.0	1,018	1.8	14.00
MetroHealth Medical Center Cleveland	4.0	750	1.3	NA
Hartford Hospital Hartford, Conn.	3.7	925	2.5	6.00
The New York Hospital New York City	3.0	1,000	2.0	15.75
Long Beach Memorial Hospital Long Beach, Calif.	2.6	998	1.2	NA

*Gross labor cost per patient day, does not take revenues into consideration; **includes self-op vending sales converted into meals.

PREPARED FOODS SAVE $66,432

Cedars Sinai Medical Center

When Cedars Sinai foodservices proposed using prepared convenience products for patient meals, the idea was to spend more for food but save on labor. But the numbers turned out to be surprising—food and supply costs came in $66,432 *under* budget—a budget that the administration had already reduced by the amount of the traditional inflation allowance, about $103,000. "In real savings, we're talking about $169,000," says Jerry Berkman, director of food and nutrition.

"We had thought we would have to reduce our labor costs. But with the savings in food and supply costs, not only do we not have to worry about cutting labor, but I have the freedom to appoint more dietitians for special patient services. For example, if I lose two kitchen employees by attrition, I can go ahead and hire a dietitian to work with heart transplant or AIDS patients. In effect, our patient service has improved and it hasn't cost a dime."

PURCHASING ARRANGEMENT TO SAVE 5%

The New York Hospital

A group of 15 to 20 hospitals in the New York City area are negotiating a single-source vending contract that members project could save up to 5% of food and supply costs.

The hospitals would be charged the vendor's cost plus a fee, based on individual hospital purchase volume, but it differs from cost-plus because the vendor would include any manufacturer rebate entitlements when figuring the base cost. Additional discounts would be applied for paying quickly, achieving certain individual and group purchase volumes each month, and allowing delivery at off-hours, as well as for drop shipments, where several hospitals would agree to go and get their own shipment from a common area.

The group also wants vendors to provide extra services, such as seminars to introduce new products and show innovative uses of existing products and backing for a peer review program.

REDUCED LATE TRAYS SAVE $100,000

Florida Hospital

Florida Hospital has the benefit of a total quality management team, an inhouse consulting group that studies hospital departments and suggests ways to cut costs and improve quality. When it was foodservices' turn, the group came up with a way to reduce the food and labor costs that late trays ring up. Ed Newsworthy, director of food and nutrition services, estimates their work will save him $100,000 a year.

"When patients' diets were changed, or the patients were transferred to different wings, or orders simply were not communicated properly, we would have to rethermalize a second tray and expend the labor to get the correct tray to that patient," says Newsworthy. "The whole late-tray process was costly."

The quality management team suggested ways to improve communication. Now, foodservices is linked into nursing station information systems so that order changes can be communicated quickly and accurately.

TEMPORARY HELP REDUCES LABOR COSTS

Long Beach Memorial Hospital

While she can't put an exact dollar amount on savings, Anita Siverly, director of food and nutrition services at Long Beach Memorial, says the use of a temporary employment agency is saving substantial labor costs. "We have a fantastic arrangement with the agency we use," she says. "And the flexibility it's afforded us is invaluable."

At times, up to 10% of the foodservice employees at the hospital are temporary. "We can hire only as many as we need at a given time without having to pay employee benefit costs or waste our time hiring and training someone who does not work out," says Siverly. "And we have been able to recruit permanent employees from the temporary group that has worked here—we have a built-in pool of people who already are familiar with our system."

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INSTITUTIONAL GIANTS

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Health-care chains use custom prepared products and creative menuing to lower costs.

TOP 10 HEALTH-CARE CHAINS

	1993 F&B purchases ($ millions)	Total units	Total beds	Meals/ year (millions)
National Medical Enterprises* Santa Monica, Calif. ^{H,N}	$100.0MM	675	61,614	70.0MM
Beverly Enterprises Fort Smith, Ark. ^{N,R}	86.5	862	95,220	93.8
United Health Inc. Milwaukee ^{N}	85.0**	151	16,500	15.3
Hospital Corp. of America Nashville, Tenn. ^{H}	49.5	128	23,400	9.9
Quorum‡ Nashville, Tenn. ^{H}	44.8	178	21,067	N/A
Daughters of Charity St. Louis ^{H,N,R}	41.0	51	15,264	20.6
Humana Louisville, Ky. ^{H}	36.4	81	17,112	9.0
Health Trust Nashville, Tenn. ^{H}	28.4	85	11,600	5.7
Manor Care Silver Spring, Md. ^{N,R}	25.6	168	23,000	21.7
ARA Living Centers† Houston ^{H,N,R}	23.6	240	26,180	NA

*Includes purchases for Hillhaven and unit no. reflects 170 additional managed and affiliate facilities; **includes Purchasing Group total, but all other figures in row apply to Unicare Health Facilities subsidiary (purchases for Unicare are $16.5MM); ^{H}hospitals; ^{N}nursing homes; ^{R}retirement facilities; †*R&I* estimate; ‡source: *Modern Healthcare*, 5/21/90.

PREPORTIONED PRODUCTS SAVE LABOR

Unicare Health Facilities

Unicare Health Facilities, in conjunction with UHF Purchasing Services, a purchasing group affiliate, developed a line of precooked, presliced and preportioned products for center of the plate. Less costly preparation of such items as pork roast, roast beef and turkey breast will mean "hundreds of thousands of dollars" in savings, according to Wayne Goldman, corporate director of foodservice operations. He adds that all of the products received high scores in taste tests.

Unicare projects these items will cut labor costs because they take less time to prepare and employees can control portions simply by serving the same number of slices each time. "A traditional roast takes several hours to cook, time to let it set before slicing, and labor to check it while it cooks, serve it and clean the pans. These products are ready to heat and serve," says Goldman. And because all of the product is used, waste is eliminated.

With reduced labor, employees have more time to generate revenue, for instance, preparing sandwiches for vending contractors, offering additional catering and serving mobile meals.

CREATIVE MENUING CUTS COSTS

Hospital Corp. of America

Most health-care facilities are generating respectable revenues through catering, but Betty Dekle, director of nutrition services at HCA Parkway Medical Center in Lithia Springs, Ga., says catering can cut costs as well. "Too many directors get a catering order and immediately purchase more food for the event. I don't," says Dekle.

Instead, she coordinates her purchases so that items can be used for patient meals, the cafeteria, the snack shop *and* catering. "If you buy good quality foods that are versatile and you menu creatively, you'd be surprised by the gourmet meals you can produce from the items sitting in your walk-in and freezer," she says.

For example, at a breakfast event, Dekle creates Pancakes Oscar, pancakes topped with assorted jellies melted together and a dollop of meringue. With a side of fruit and a sweet roll (from the facility's in-house bakery), the meal is fancy without having cost a cent in extra purchases. A hot chicken salad is a luncheon favorite—it's made with chicken, celery, onions, sour cream, low-fat mayonnaise, pineapple chunks and juice, and a sprinkle of pecans. Dekle tops it with crushed crackers and bakes it. "When I have an event coming up, I decide what I can offer on the menu based on what I have in my inventory. Stir-fries, casseroles, innovative salads—the menu possibilities are endless," she says.

STANDARDIZED PURCHASING SAVES 3%

Manor Care

Manor Care has worked out a new agreement with distributors that standardizes the prices it pays for food. Not only are the chain's food costs down by 3%, but managers have a much better idea of what they'll be paying for food, and budget projections are more accurate than ever.

Previously, distributors would bid on products, and Manor Care would take the lowest bid. But lowest bids varied by region. For example, the markup on frozen foods might be 15% on the East Coast, but only 12% in the Midwest. Manor Care now gathers all the regional proposals, comes up with a markup that it feels is average and fair, and then asks its distributors to give that markup across all regions, says Pat Theimer, purchasing manager for food and beverage. For the example above, that average markup might be 13%.

"Because all units are getting the same markup, we have a much better idea of what our foods are going to cost," says Theimer. "We don't have that price variance to deal with now."

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INSTITUTIONAL GIANTS

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[redacted]

Product testing, renovations and self-insurance cut military expenses.

[redacted]

	1990 F&B purchases ($ millions)	Total units	Meals/year (millions)	No. of employees
U.S. Army Center of Excellence, Subsistence, Fort Lee, Va.	$459.0MM	825	171.7MM	15,116
U.S. Navy Food Service Systems Washington, D.C.	335.9	680	NA	NA
Army & Air Force Exchange Service Dallas	227.4	2,633	168.8	14,345
U.S. Air Force Clubs Branch Randolph Air Force Base, Texas	156.2	277	NA	13,435
U.S. Air Force Engineering & Svcs. Center, Tyndall Air Force Base, Fla.	105.7*	595	77.9	6,500
Department of Veterans Affairs Washington, D.C.	95.0	172	71.5	12,000
U.S. Marine Corps Washington, D.C.	93.1	74	NA	NA
Navy Resale & Services Support Office Staten Island, N.Y.	79.0	642	NA	27,000
U.S. Army Community & Family Support Alexandria, Va.	67.3	515	NA	14,400
U.S. Navy Officer's & Enlisted Clubs Washington, D.C.	65.1	360	14.3	22,500

*Does not include $40MM in food purchased for Operation Desert Shield/Storm.

TEST KITCHEN SAVES THOUSANDS

Army & Air Force Exchange Service

The Army and Air Force Exchange Service has eliminated the expense and trouble caused by inadequate products in the field. How? All food and equipment are tested in a new test kitchen in the Dallas headquarters.

Until five years ago, purchasing and food production for the Army and Air Force Exchange Service was decentralized. But the introduction of several brand concepts, including Burger King (the only national brand), and such in-house concepts as Anthony's World's Greatest Pizza, Frank's Franks, and La Casa Di Amigos, assured product consistency because headquarters standardized recipes, training, equipment and production for each concept.

However, headquarters relied on field tests to approve products. And in some cases, a product that passed specifications did not, for some reason, work well in the field. Reporting problems could take up to several months (AAFES has operations all over the world), well after most of the operations already purchased the product. "For example, we sent field operations a pizza prep table that passed all specs," says Philip Latos, chief, Food Division. "But we found out shortly after that the angle of the refrigerated compartments was off, and sauce was spilling out." Now, AAFES can assure that products and equipment are of top quality before items go out to the field.

In addition, the kitchen has provided a location in which the department can conduct extensive taste tests with a group of people from all over the world who are on assignment at the headquarters, says Latos. That way, AAFES knows its products will appeal to a broad audience.

REMODELING CUTS LABOR ABOUT 15%

Navy Resale & Services Support

The foodservice facility at Naval Station Roosevelt Roads in Puerto Rico has been remodeled and upgraded so that the unit's food-court concepts can run more efficiently and with less labor. It's part of the department's general program to update facilities and lower labor costs at the same time.

"We've taken a close look at how customers order and what employees need to do to fill that order," says Mark Bessette, foodservice specialist. "Improving workflow can be as simple as moving the beverage and napkin dispensers to the end of the line by the register, or as complex as building a central kitchen to service five concepts."

Equipment upgrades have improved efficiency and saved space as well, says Bessette. For example, combination oven-proofers take up half the space separate pieces would, ventless fryers save on exhaust systems, and conveyor pizza ovens take up less space and produce pizzas faster than deck ovens. "Not only have we reduced the labor needed, but sales at the Roosevelt Roads unit alone have doubled since we made the changes," he says.

SELF-INSURANCE CAN SAVE IN PREMIUMS

U.S. Navy Officer's & Enlisted Clubs

Choosing to be self-insured in its traditional high-low deductible indemnity insurance plan has saved insurance costs for the U.S. Navy Officer's & Enlisted Clubs and the Morale, Welfare and Recreation Division.

"It can be risky because we are responsible for paying our own claims," says Sherrie Nious, employee group benefits administrator. "It all depends on how you want to manage your money. If you aren't faced with huge claims, self-insurance can save money because you're only paying the insurance company for processing costs, and not huge premiums every year." Also, if the department were not self-insured, says Nious, the premium costs paid to the insurance company would have risen substantially every year, despite claim experience, simply because insurance costs are going up. "But our experience has been good and our premiums have not increased in two years," says Nious.

continued on page 58

continued from page 54

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Contractors save by eliminating overproduction and centralizing services.

TOP 10 CONTRACTORS

	1990 F&B sales ($ millions)	No. of accounts	No. of employees
ARA Philadelphia	2,700.0	2,600	65,000
Marriott Corp. Washington, D.C.	$2,700.0MM	2,275	80,000
Canteen Corp. Spartanburg, S.C.	1,500.0	1,680	38,000**
Service America Stamford, Conn.	1,100.0*	1,200	22,000**
Seiler Corp. Waltham, Mass.	376.1†	358	NA
Morrison's Custom Management Mobile, Ala.	371.9*	812	12,000
Restaura Phoenix	300.0	300	7,000
ServiceMaster Downers Grove, Ill.	264.0	305	6,000
Harry M. Stevens Cranbury, N.J.	210.0	29	22,500**
Daka Inc. Wakefield, Mass.	200.0	402	4,000

*Includes sales from vending, but unit no. does not include no. of vending accounts. **Reflects full- and part-time employees. Canteen: 30,000 full-time employees; Service America: 18,000 full-time employees, Harry M. Stevens: 500 full-time employees. †*R&I* estimate.

BATCH COOKING CUTS FOOD COSTS 20%

Marriott Corp.

At the Federal Reserve Bank in Chicago, batch cooking, reducing inventories by 10% and controlling portions have saved the department about 20% in food costs. Since the changes started six months ago, food costs have dropped to 53% from more than 70%. "We've reduced the bank's subsidy by more than $20,000 a month," says Martha Restrepo, general manager.

Restrepo and managers developed strict guidelines on how to batch cook and portion foods. Each morning, they meet with employees to review the menu, decide how much needs to be prepared and how large portions should be. "We tell our staff that a double helping is not good for us or the customer," she says.

Batch cooking has had an incredible effect on reducing overproduction, according to Restrepo. "If we were serving fried chicken, our cooks used to fry it all ahead of time. Now they prepare smaller batches as needed. If there is leftover chicken, it's perfectly usable because it hasn't been fried yet," she explains. Although clients might have had to wait for food when the program was initiated seven months ago, employees have since become adept at producing the right amounts of food on time.

SCHOOLS RAISE PARTICIPATION

ARA

East Ramapo Central School District in Spring Valley, N.Y., increased participation 15% over last year and now is operating in the black instead of the red. While she would not provide figures, Susan Romanoff, foodservice director, cites several changes that led to the deficit elimination.

"When I came here in 1989, I met with the PTA, students and teachers and got a good picture of what they wanted from our foodservice," says Romanoff. Sandwich bars are just one example of new programs that have increased participation in the 15-school district. Since the bars have been offered, participation has increased 100% in one high school, 60% in another, and an average of 50% in three junior high schools.

"We also changed our central kitchen procedures," says Romanoff. Full meals used to be prepared, frozen and shipped out to schools. Now, items such as grilled chicken, hamburgers and vegetables are shipped out in bulk and prepared on premises, so food quality has improved, according to Romanoff. "We saw a very minimal increase in labor," she says. "Some of the employees working in the central kitchen were simply transferred to schools, and are working the same number of hours they always were."

CENTRAL KITCHEN SERVICES 15 CLIENTS

Morrison's Custom Management

City Events, a 6,000-square-foot facility opened by MCM's Manask corporate dining division in downtown Los Angeles, provides foodservice to area clients that have limited or no in-house foodservice facilities. City Events provides four services for MCM clients: hot food prep, cold food prep, baking and catering. In fact, the facility, which houses a complete administrative office for catering, also operates much like a separate catering company. Completed in fall 1990, it features the latest in kitchen equipment, a complete bakery and transport capability.

The centralized aspect of the kitchen is cost effective for MCM because foods can be ordered in volume, utility costs are lower than if each client housed its own kitchen, and the facility can produce what it needs with fewer employees. "We can save clients up to 50% of space costs because we don't need much room in their offices to deliver our foods and their capital expense is about ⅓ to ½ less than it would be were they to put in a full kitchen with venting, exhaust and equipment," says Art Manask, regional vice president. **R&I**

ACTION EXPRESS

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400: PIZZA/ITALIAN

PIZZA CHAINS BEEF UP MENUS, FINE-TUNE DELIVERY SYSTEMS

Specialty pizzas, sandwiches and pasta are most popular menu extenders.

Pizza Hut, Domino's and Little Caesars, the top three pizza chains, have their game plans made. Pizza Hut continues to chase Domino's for the No. 1 delivery spot, while Domino's experiments with free-standing restaurants and tests selling pizza at Burger King restaurants. Little Caesars will offer another venue for its fans. It plans to open restaurants at 400 K mart stores.

The big players' aggressive strategies have second- and third-tier pizza chains racing to catch up. These chains, for instance, Papa Gino's, Mazzio's and Pietro's, are making delivery their No. 1 priority. Papa Gino's will add delivery in 100 more stores this year. Mazzio's, where delivery accounts for 45% of sales, plans to "dive in" to the service this year, says Greg Lippert, marketing director. And there's no doubt about Mazzio's target: "We need to keep up with Pizza Hut in each of our markets," Lippert says.

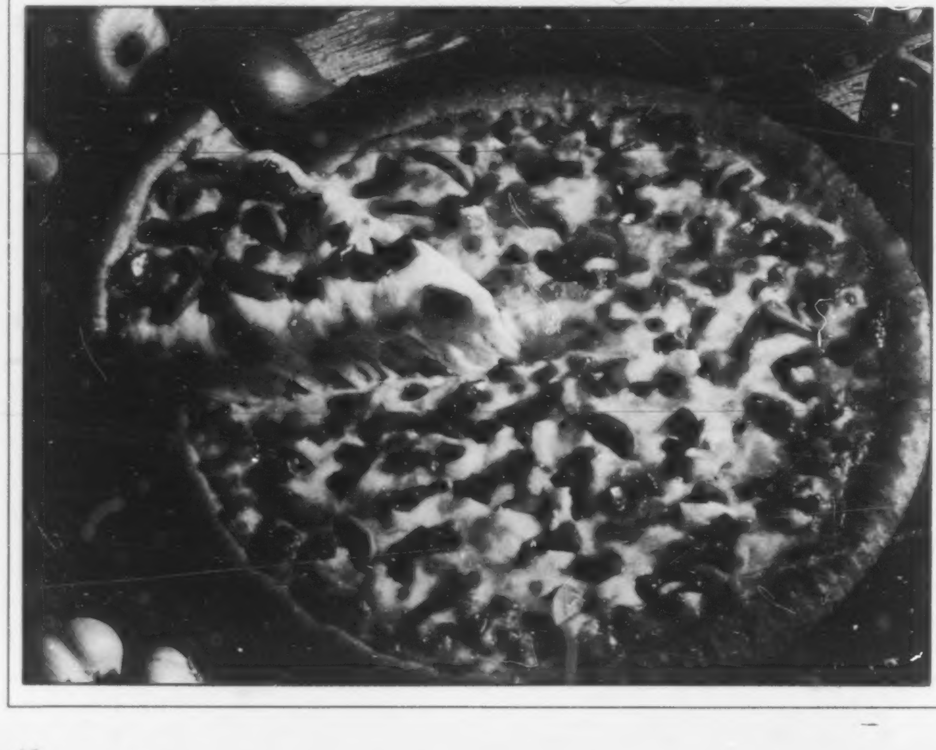
Italian dinner-house operators have their own challenges to meet. With everyone from contractors to chicken chains adding Italian offerings, restaurants such as The Olive Garden and The Pasta House are focusing on keeping customers interested in *their* menus. The solution? Constant specials, great big platters and seasonal menus.

PIZZA HUT
$4,900.0MM

Wichita, Kan.-based Pizza Hut keeps adding to its line of specialty pies, priced at $12.99 for a large. The standard specialty lineup now includes the Super Supreme (nine toppings), the Supreme (six toppings), Meat Lovers, Cheese Lovers Plus (two toppings sandwiched between two layers of cheese) and Veggie Lovers.

Light Pizza, tested last year in Columbus, Ohio; Nashville, Tenn.; and San Diego, still needs work, says Pizza Hut spokesman Roger Rydell. Thanks to low-fat cheese and meat toppings, the pizza (Supreme Light, Pepperoni Light and Meat Lovers Light) contained one-third less fat than regular Pizza Hut pizza. Although taste tests showed customers liked the pizza once they tasted it, the problem was getting people to try it, Rydell says. "We marketed it toward our heavy users, young males, not people who were interested in a light product," he explains. Pizza Hut will test Light Pizza again—with a new advertising angle—in the "not-too-distant future," Rydell says.

Pizza Hut's Veggie Lovers Pizza is the latest in its line of top-heavy specialty pies.



Pizza Hut continues to search for new ways to get pizza to the customer. The chain now delivers from 3,167 of its 8,040 restaurants, and has full restaurants or kiosks at college campuses, hospitals, airports and business parks around the country.

DOMINO'S PIZZA
$2,650.0MM

In 1990, Domino's broke away from its one-pizza, one-beverage, delivery-only formula with two new projects. First, the chain started selling pizza in four Burger King restaurants in South Carolina. Soon after, it began opening free-standing units, called Pizza Pizzazz, in airports, malls, business districts and sports stadiums.

At Burger King, Domino's sells personal-size cheese, pepperoni, sausage and deluxe pizzas, priced from $1.59 to $2.29. Although Domino's is pleased with the product, the arrangement still needs fine-tuning, says Burke Cueny, director of marketing and special projects for the Ann Arbor, Mich.-based chain. "We still have a lot of measuring to do," Cueny says, guessing the chain will decide by fall whether to expand the test.

The Pizzazz restaurants, 40 of which are scattered around the country, offer a pepperoni, sausage, vegetable and deluxe. Custom-made pizzas take 5 minutes. Prices range from $2.29 to $3.60.

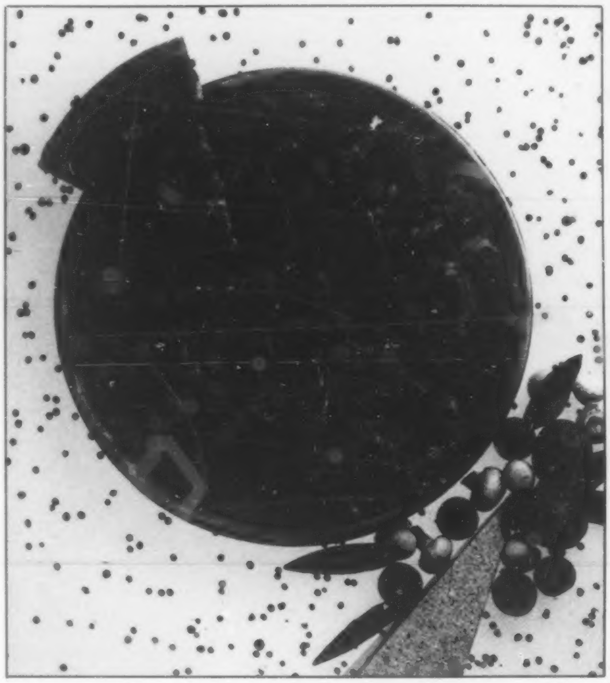
Breadsticks with dipping sauce ($1.25), a garden salad ($1.49), a meat-topped chef's salad ($2.49) and beverages round out the menu.

It's unlikely these extras will ever hit the Domino's menu, says Cueny. The delivery stores continue to offer only pizza and soft drinks, and this year will debut a reformulated pan pizza. The new pizza is easier to produce, has a crunchier crust and tastes richer, says Domino's spokesman Michael Jenkins. "It's as good as Pizza Hut's," Jenkins says. "We're going to beat them with their own customers."

LITTLE CAESARS
$1,400.0MM
With its plans to open pizza restaurants in 400 K mart stores, Detroit-based Little Caesars joins Pizza Hut and Domino's in the search for nontraditional sites.

The K mart pizza stores will have the same operating hours as the retailer, meaning they'll serve breakfast, lunch and dinner. The breakfast menu will offer pizzas made with cheese and eggs and topped with bacon, sausage or green pepper; muffins and Danish pastry. Pizza by the slice, Baby Pan! Pan! pizza, sandwiches, salads, medium-size pizza, ice cream and soft drinks will be available for lunch and dinner. Prices for the K mart restaurants haven't been settled, says a spokeswoman from K mart.

Little Caesars has begun tinkering with the bottom of the pizza as well as the toppings. Last year's biggest rollout was Crazy Crusts, pizza dough flavored with sesame seeds, poppy seeds, garlic or Parmesan. The crusts—one or all four—are free for the asking on any Little Caesars' round pizza.



Mazzio's Pizza Light—240 calories and 8 grams of fat per slice—debuted March 1.

THE OLIVE GARDEN
$644.6MM
The Olive Garden this year continues its "menu events." These aren't promotions, insists spokeswoman Anne Powell, but instead are affairs designed to keep both regular customers and employees happy.

For instance, Carnival of Venice took place during Lent, and was the second Carnival for the Orlando, Fla.-based chain. The menu featured nine dishes from Venice. Pasta Venezia, spiral noodles topped with spicy tomato-meat sauce, sold for $7.50 at dinner and $5.25 at lunch. A blend of three cheeses, plus tomatoes, black olives and green onions, topped Pizza Bianco, or "white pizza," priced at $4.50.

The second event, a summer menu, began June 3 and will run to Sept. 3. The summer menu features four new summer salads—chef's; chicken and fruit; swordfish and pasta; and Sicilian fruit—plus two new seafood-pasta dishes. The summer beverage menu offers Venetian Peach, a blend of spiced rum and peach schnapps, and Misty Capri, a lime colada. Summer-menu prices range from $4 to $6 at lunch and $6 to $11 at dinner.

SHAKEY'S
$180.0MM
While other pizza chains diversified with new toppings or crusts, Shakey's added spiced chicken wings to its menu. The wings were introduced last August as part of a combo: A 12-piece chicken order with french fries and a medium, one-topping pizza sold for $10.99. Shakey's President Gene Stone says the wings resulted in record same-store sales increases and "significant" incremental sales.

So far this year, Shakey's has introduced a new spaghetti sauce—spicier and with more texture, than the old sauce, says Jim Fisher,

continued on page 50

PIZZA/ITALIAN
$12.0 billion

11.1% of all
400 commercial sales

TOP TRENDS

- ▶ Big pies: 16- and 20-inch pies with multitudes of toppings for parties and just plain hungry people
- ▶ Reformulated pan pizzas, using Pizza Hut's as a model
- ▶ Promotions focused exclusively on new products, not price
- ▶ Regional specialties and combination platters at Italian dinner houses
- ▶ Lower food costs, thanks to cheese prices at an all-time low

COMING UP

- ▶ High-tech delivery: Computer systems that keep track of regular customers' orders
- ▶ Light pizza via reduced-fat ingredients
- ▶ Off-premises everything: More catering and nontraditional locations, such as supermarkets

CHECK AVERAGES

- ▶ Domino's: $12.50
- ▶ Hungry Howie's: $10
- ▶ Mazzio's: $9.83
- ▶ Mountain Mike's: $8
- ▶ Pizzeria Uno: $7.90
- ▶ The Pasta House: $7
- ▶ ShowBiz Pizza: $6.50
- ▶ Sir Pizza: $6.39
- ▶ Pizza Hut: $6

A complete ranking of the 400 by segment begins on page 21.

continued from page 47

Regional dishes and big platters keep Italian dinner-house patrons interested.

BEST SELLERS

Pepperoni rules, but in different permutations: Here's what sells the best at pizza and pasta chains around the country:

Pizza Hut: Pepperoni pan pizza ($9.69 for a large)

Domino's: Medium pepperoni ($7.99 for a large)

Little Caesars: Pepperoni ($13.48 for two large pizzas)

Shakey's: Thin-crust pepperoni (about $11.95 for a large)

Papa Gino's: Cheese and pepperoni pizza ($7.55 for a large)

Sir Pizza: The Royal Feast—with every topping on the menu ($15.35 for a 16-inch pizza)

California Pizza Kitchen: Barbecue chicken pizza, Thai chicken pizza ($8.50 for an individual-size pie)

Pietro's: Combination pepperoni-salami-beef-olive-and-mushroom ($16 for a large)

Lamp Post: Pepperoni pizza on a medium-thick crust ($13.38 for a large)

The Pasta House: Pasta con Broccoli with cream sauce ($5.50 for a small order; $6.95 for a large)

marketing director for the South San Francisco, Calif.-based company. The chain is reformulating its pan pizza and will knock its price down to match that of its thin-crust pizza. "Our goal is to make it better than Pizza Hut's," Fisher says. Still to come this fall: a new lunch menu that includes pizza, pasta and chicken.

Twenty percent of the Shakey's system offers delivery, but these days, the chain is focusing more on takeout, says Fisher. "We need to get takeout right before we move on to delivery," he says. Takeout ~~accounts for~~ about 35% of Shakey's sales.

PAPA GINO'S
$138.0MM

A large pepperoni pizza ($7.55) is Papa Gino's best seller, says Mike Valerio Jr., operations director at the Dedham, Mass.-based chain. But the chain's menu efforts are geared toward pasta.

Last year's biggest rollout was its Festa di Pasta, an entire section of the menu that lists spaghetti, ziti, fettuccine, tortellini, lasagna and ravioli with the customers' choice of sauce—tomato, meat or Alfredo. Prices range from $2.75 for spaghetti with meat sauce to $4.75 for ravioli with Alfredo sauce.

And Papa Gino's will deliver all this. Delivery, available at 95 of its 218 stores, accounts for 40% of sales. The chain is adding the service to 100 more stores this year.

MAZZIO'S
$137.0MM

A jumbo pizza—at 18 inches, big enough for eight people—joined Mazzio's menu last year. The jumbo is 12% bigger than two medium pizzas but costs the same, says Greg Lippert, vice president of marketing. The price: $11.85 for cheese, plus $1.30 for each extra topping.

This year, Tulsa, Okla.-based Mazzio's will roll out Pizza Light, with one-third less fat than its regular pizza. Low-fat skim mozzarella cheese and an abundance of vegetables in addition to meat toppings lighten up the pizza, Lippert says. A slice of Light contains 8 grams of fat (38% less than regular pizza), 20 milligrams of cholesterol (20% less than regular pizza) and 240 calories (25% less than the regular pizza).

PIETRO'S
$37.5MM*

Pietro's best seller is a combination pepperoni-salami-beef-olive-and-mushroom pizza that sells for $16. Considering the heft of that pie, it's not surprising that last year's test of Häagen-Dazs ice cream bars failed. "People are just too full for dessert," says President Bob Adamowski.

Earlier this year, however, the Linnwood, Wash.-based chain rolled a successful new product: a spaghetti with meat sauce platter, which includes salad and bread ($4.95 for one, $7.99 for two). At lunch, a single-serving spaghetti platter sells for $2.95.

This year, Pietro's will add three new sandwiches—Italian sausage, Italian beef and meatball. New pizzas, new salad-bar offerings and another entree pasta are in test.

LAMP POST
$35.8MM

Tustin, Calif.-based Lamp Post just added delivery last year, and the service now accounts for anywhere from 5% to 50% of sales, depending on the store's location, says Tom Barro, president. (Catering accounts for 5% to 10% of sales per store.) This year, more Lamp Post stores will offer delivery, unless insurance proves too costly, Barro says.

Lamp Post's best seller is pepperoni pizza on a medium-thick crust, priced at $13.38 for a large. Chicken fajita pizza ($17.41 for a large), added last year, also sells well, says Barro. Buffalo wings, too, are new to the menu. An order that serves three to four people sells for $14.95, and a single-serving side order, for $3.95. Both sizes come with blue cheese dressing; the tub comes with carrot and celery sticks on the side. More appetizers, meant to increase check averages, will be added this year, Barro says.

THE PASTA HOUSE
$35.0MM

A brand-new menu and accelerated testing of new menu items will help The Pasta House lure and maintain customers, says John Ferrara, finance director at the St. Louis-based chain.

The new menu offers 45 entrees, compared to 28 on the old menu. Among the new offerings are four combination platters: The Michaelangelo (veal parmigiano, chicken oreganato and fettuccine Alfredo for $10.75); The Raphael (chicken piccata, cannelloni and spaghetti bolognese for $10.95); The DaVinci (manicotti, ravioli and tortellini for $1[illegible].75); and The Donatello (scampi, seafood-stuffed shells and linguine with red clam sauce for $11.50). The entrees come with a family-style bowl of salad and miniature loaves of Italian bread, both of which add value to the meal, Ferrara says.

—Lisa Bertagnoli

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*R&I estimate

400: FAMILY DINING

CHAINS BET ON 'LIGHT,' BUT BANK ON HOME-STYLE MENU FARE

Customers demand light menus, while sales of basics and desserts hold steady.

Family dining, always a diverse and interesting segment, is responding to the climate of calorie- and cholesterol-counting by giving customers more of what they say they want: lighter offerings. But family-dining companies also are giving their customers what sales indicate they really want: hearty, home-style fare, ethnic dishes and a signature dessert selection.

Many family-dining chains now have entire menu sections that feature lighter fare. More are adding menu symbols to guide customers in search of such items. For example, Country Kitchen's heart symbol contains the numerals 1, 2 and 3, which designate low-cholesterol, low-sodium and under-400-calorie items. Most chains offer low- or no-cholesterol egg products, sugar substitutes, low-calorie syrup and jam, and decaffeinated teas and coffees. And this year brings a bumper crop of new lighter menu items. (See "Light Menu Add-Ons" sidebar.)

Family-dining menus also reflect customers' concerns, wants and needs in the following areas: quick-meal guarantees, seniors' and children's menu sections, special birthday promos, more flexible meal periods (all-day breakfasts, all-night dinners), and added convenience in the form of drive-thrus, takeout and, in some cases, home delivery.

DENNY'S
$1,528.9MM
Denny's (a k a "Lenny's" by one of the inimitable Corlick sisters) will say "Happy Birthday!" to each of its customers in 1991 with a free lunch or dinner. Denny's tested the program in 1990 in 250 units before rolling it out systemwide at year end.

To heighten its profile as a 24-hour restaurant, Spartanburg, S.C.-based Denny's developed a separate menu for use between 10 p.m. and 5 a.m. Called Denny's 'Til Dawn, the menu features "All Nighters"—dinners, sandwiches and sides from the regular menu, plus six items repackaged for late-night appeal.

Denny's has expanded its popular Grand Slam Breakfast into the Grand Slam Menu to include lunch and dinner.

The Grand Slam Menu has three whopping big items under "The Lunch Line Up": Double-Up Slam (a double-decker burger with one American cheese-and-mushroom-topped layer and one Swiss cheese-and-bacon-topped layer, $5.39), Ballpark Slam (hot dog and burger combo plate, $4.89), and Megamelt Slam (double-decker melt featuring roast beef, Monterey Jack cheese and chilies on top, and ham and American cheese on the bottom, $5.39). All lunch slams come with their own unique accompaniments.

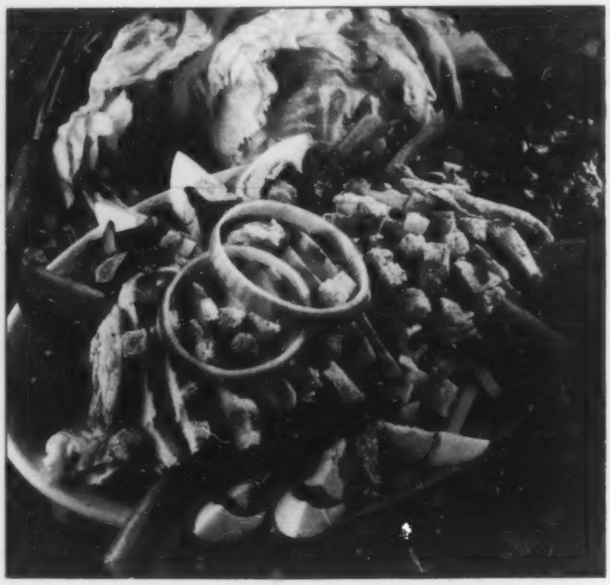
"The Dinner Roster" entrees are served with soup or salad: Surf & Turf Slam (sirloin plus mahi-mahi, $7.99), Country Slam (fried chicken and country fried steak, $6.49), and Kabob Slam (shrimp kebab and boneless chicken breast, $6.99).

Denny's is emphasizing its "In a Hurry?" 10-minute guarantee menu items, senior citizens menu and "Happy Endings" dessert menu.

BIG BOY
$1,000.0MM
Emphasis on quality ingredients, from-scratch salad dressings and daily soups figures heavily into the Big Boy menu description for its Soup, Salad & Fruit Bar, a perennial customer favorite. Big Boy's best-selling lunch item still is its Big Boy—The Hamburger Classic (a quarter-pound hamburger for $2.29), followed in order by the Slim Jim (ham, Swiss cheese, lettuce, tomato and special sauce on a Grecian roll, $3.49), and Fillet of

Apple-Lite Pie has one-third the calories of Marie Callender's regular apple pie.

New Apple-Lite Pie.
Bakery
Marie Callender's



PoFolks Garden Patch Salad represents 1991's emphasis on light menu offerings, such as grilled and broiled items.

Fish (two fried fillets on a toasted Grecian roll, $2.99). Favorites at dinner are the seafood platter (fried shrimp, fish fillet, clams, smelts and chips, $5.99), the chicken and vegetable stir-fry (chicken strips, mushrooms, pineapple chunks and vegetables in a sweet-and-sour sauce—one of Big Boy's Health Smart menu items, $6.59), and spaghetti (with meat sauce or meatless marinara sauce, $4.49).

The 950-unit Warren, Mich.-based chain is adding five new items to its Health Smart lunch and dinner menus. The entrees, endorsed by the William Beaumont Hospital Nutritional Health Program include sides and salad bar. They are chicken mozzarella ($5.99), broiled cod dijon ($5.99), shrimp scampi ($6.99), chicken mozzarella pita (served with the chain's signature Health Smart dressing, $3.99), and roasted chicken breast salad (also served with the Health Smart dressing, $4.69).

The menu's back page shows a nutritional analysis for each Health Smart item. It also gives a phone number for the William Beaumont Nutritional Health Program for further information.

SHONEY'S RESTAURANTS
$933.3MM

Where's the beef? At Shoney's, and customers have no beef about it. Witness the two best promos of 1990 and 1991 respectively: a prime rib dinner and a rib eye steak dinner. Both were priced at $9.99 and included the salad bar. The best-selling menu item is the prime rib dinner, Shoney's specialty, which sells for about $11.99 when not a special.

Customers did complain in 1990 when Shoney's, Nashville, Tenn., discontinued the Sunday and Monday all-you-can-eat specials; for example, Alaska snow crab legs ($14.99) or prime rib ($14.99). The all-you-can-eat specials build traffic on those days and have been reinstated.

Chicken stir-fry, a popular item added in 1990, set the stage for 1991's new lighter chicken and beef items for summer. The entree, priced at $5.99, is served with a teriyaki glaze and Oriental vegetables over rice. It comes with a salad—and a fortune cookie.

Entrees to be added this summer all include the salad bar: hickory-smoked chicken (a grilled half-chicken served with fries, $9.99), a chicken kebab (with fresh vegetables and rice, $8.99), steak Monterey (a 4-ounce fillet with sautéed mushrooms, onions and Monterey Jack cheese, $9.99), and baby back ribs ($9.99).

Shoney's is building check averages by introducing specialty drink menus for frozen concoctions, with and without alcohol, and with dessert trays. Servers bring desserts on trays to the table to stimulate sales. This technique of temptation has paid off, says a Shoney's spokesperson.

And speaking of checks, yours is good at Shoney's, which now accepts personal checks in payment for meals.

INTERNATIONAL HOUSE OF PANCAKES RESTAURANTS
$384.0MM

IHOP is successfully marketing its "treat appeal"—the lure of special items that customers can't conveniently make at home. For example, the Glendale, Calif.-based company has been rolling out its Belgian waffles nationwide. By year's end, the company expects the popular item (which requires its own special round waffle iron) to be in all 490 units. There are four versions: the authentic Belgian waffle (made with buttermilk, $3.25), the Harvest Grain 'N' Nut Waffle ($3.75), Belgian Waffle 'N' Fruit (with whipped topping and strawberries or choice of warm fruit compote, $4,35), and Harvest Grain 'N' Nut Waffle 'N' Fruit ($4.85).

Still successful and still being rolled out is its line of home-style dinners such as Golden Rotisserie Chicken ($5.45). New for '91 is Pork

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FAMILY DINING
$8.7 billion

8.1% of all
400 commercial sales

TOP TRENDS

- ▶ Expanded "light" menus
- ▶ Hearty entrees, desserts
- ▶ Seniors, children's menus
- ▶ Grilled and broiled items
- ▶ Expanded pasta selections

BEST SELLERS

- ▶ Big Boy: The Hamburger Classic
- ▶ Shoney's: prime rib
- ▶ IHOP: Rooty Tooty Fresh 'N' Fruity (breakfast); international pot pies
- ▶ Bob Evans: country-fried steak, grilled chicken sandwich
- ▶ Bakers Square: stir-fry and chicken breast dinners
- ▶ Cracker Barrel: Chicken 'n Dumplins Dinner
- ▶ Howard Johnson: Big Breakfast II; club sandwich and cheeseburger

BEST PROMOS

- ▶ Bob Evans: Octoberfest, a smoked sausage link dinner
- ▶ Bakers Square: newspaper coupons discounting sandwiches ($1 off), and dinner entrees ($2 off)
- ▶ Cracker Barrel: Autumn Applefest

A complete ranking of the 400 by segment begins on page 21.

400: FAMILY DINING

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'90-91 LIGHT MENU ADD ONS

Big Boy: Health Smart items—broiled cod Dijon, chicken mozzarella (entree and pita sandwich), shrimp scampi, roasted chicken breast salad

IHOP: Oatmeal with toppings (breakfast); California Broil (citrus-marinated broiled flank steak dinner)

Shoney's: chicken stir-fry

Bob Evans General Store: grilled chicken salad

Bakers Square: stir-fry dinners; Lite Choice Chicken (salad); chili, salad and bread combination

Marie Callender's: light linguine, steamed fresh vegetable platter, Apple-Lite Pie

PoFolks: new line of Hot Off The Grill entrees

Country Kitchen: seafood pasta salad, herb-grilled chicken breast dinner

Steak 'N Shake: grilled chicken club sandwich

Howard Johnson: "Lite" frozen desserts (ice milk, yogurt, new fruit flavors)

Shari's Family Restaurants: Chicken Breast Fiesta Salad; grilled cod fillet

Country Pride: grilled chicken salad

Bob Evans' General Store sports a dining room, bakery—and store.

Roast (sliced loin of pork served with potato, gravy, choice of two vegetables, and roll and butter, $6).

IHOP is responding to consumers' interest in lighter, healthful fare by introducing more light breakfast and entree items. However, the company points out that so far customers do more talking about light than eating that way. By far, IHOP's best-selling 1990 lunch and dinner items were its hearty international pot pies; its best-selling breakfast item was the Rooty Tooty Fresh 'N' Fruity breakfast combination (two eggs, two bacon strips, two sausage links and two fruit-topped buttermilk pancakes, $4.45). The combo accounts for 8% to 12% of breakfast sales.

Of interest is IHOP's Golden Age Club, launched two and a half years ago, which now has 250,000 members. Seniors fill out applications and are given a card entitling them to special discounts.

BOB EVANS FARMS
$358.0MM*

Bob Evans, Columbus, Ohio, is buzzing about the new General Store: There are two pilot units now, both in Ohio, and five will open by next April. General Store units are 10,000 square feet, twice as big as a regular unit. They have a dining area, a bakery and a general store filled with collectibles (country crafts, pottery, potpourri, coffee mugs, etc.).

The menu is different, too. For example, there is a menu box for specials ("Blue Plate Features"), and sections called "Seniors' Selections" and "The Children's Corner." The seniors' menu offers home-style entrees of chicken, turkey and ham, as well as a vegetable plate ($3.45). Cracked-wheat dinner rolls and honey-cinnamon spread accompany the entrees, along with seniors' choice of one side dish. The children's menu features a cheeseburger, spaghetti, a grilled cheese sandwich and similar dishes.

There are special side dishes, titled "Go Withs" on the breakfast menu, and a "Breakfast for Dinner" menu on the lunch/dinner menu. A "Kitchen Specialties" menu offers some unusual dishes such as Sausage Hash Casserole, and Pinto Beans and Cornbread—for dunking. Kitchen Specialties are priced at $4.75.

A Biscuit 'n' Gravy Birthday Brunch encourages children to register for a free meal and a brownie on their birthday.

MARIE CALLENDER'S
$260.0MM

In 1990 and during the first quarter of 1991, Orange, Calif.-based Marie Callender's expanded its menu in four areas: salads, pastas, lighter entrees and home-style foods.

The salad menu saw the return of Old Fashioned Chunk Chicken Salad ($5.95), and the introduction of chicken sesame salad ($6.25) and Caesar salad (accompanied by toasted garlic cheese bread, $5.95

Pasta updates included scampi linguine and chicken broccoli fettuccine ($6.95).

New light entrees on the menu include a steamed vegetable platter ($6.95) and a light linguine (fresh pasta tossed with olive oil, garlic, herbs and Parmesan and served with toasted garlic cheese bread, $5.75). Apple-Lite pie, promoted as having one-third the calories of the regular apple pie, debuted on the dessert menu.

Renewed interest in the Homestyle Classics section of the menu brought about Marie's home-style pot roast and herb-roasted chicken (both $7.95), and the Classic Sampler ($9.50)—a combination of grilled lemon chicken and scampi linguine with garlic cheese bread.

In 1991-92, Callender's will introduce "Daily Fresh Sheets" of fresh fish and other daily specials.

POFOLKS
$165.0MM

Menu expansion reflects Nashville, Tenn.-based PoFolks first profitable year after the successful April 1989 financial reorganization. So does the new Country Home design, which has resulted in 25% sales increases among refurbished units.

Although the basic menu fare still is hearty, home-style cooking, PoFolks 1990 summer promotion, Hot Off The Grill, was so successful that all the menu items became a part of the permanent menu and units now are equipped with a char-grill. Grilled dinner specials, served with two vegetables and a biscuit or hush puppies, included white fish ($4.99), two grilled pork chops ($4.99), ground chuck steak ($4.99), and grilled chicken breast ($5.49), which also comes as barbecued chicken breast.

The focus this year is on new appetizers, grilled and broiled products, and salads such as the Garden Patch Salad ($1.29), Chef's Delux Salad ($3.79), and the grilled chicken salad ($3.99).

This year, the chain also will usher in bimonthly dessert festivals. The 15-minute guarantee, Fast Folks Menu, will remain a marketing focus. PoFolks, which now does extensive takeout and catering, is testing drive-thrus and home delivery.

—Nancy Ross Ryan

*R&I estimate

400: CHICKEN

HEALTHFUL ALTERNATIVES SPICE UP CHICKEN CHAIN COMPETITION

Grilled, broiled, baked and rotisserie menu items join traditional fried fare.

Chicken chains are taking a cue from El Pollo Loco, the original charbroil chicken concept, proving there's more to chicken than fried.

KFC, which long resisted supplementing the Colonel's hallmark product, has broiled chicken in the wings. Grandy's Southwest Chicken is that company's first in a series of grill offerings. Pioneer has unveiled rotisserie chicken. And, in what appears to be a reluctant compromise between healthful and homey comfort foods, Bojangles' is introducing skinless fried chicken.

Chains that don't specialize in fried chicken are looking for a change, too. This year, El Pollo Loco will roll out a charbroiled chicken sandwich, its first hand-held product. Mrs. Winner's new oven-roasted, bone-in entree now outsells its famous baked chicken.

Yet, despite trends to the contrary, fried chicken is too down-home and too all-American to go gently into the good night. KFC reports it is still its No. 1 seller.

KENTUCKY FRIED CHICKEN
$5,773.0MM

The Colonel's test kitchens are cackling with activity.

Dinner is KFC's strongest daypart. But the search is on for diverse lunch and snack products to develop daytime business and boost sales during off-peak hours.

The much-heralded Hot Wings rollout a year ago was followed by Lite 'n Crispy chicken, which debuted systemwide in February.

Now, the Louisville, Ky.-based company is testing Monterey Broil, a marinated broiled chicken product, and a line of eight to 10 sandwiches, including barbecued chicken and a chicken-salad pita.

KFC began testing home delivery in a handful of regional markets last year, and will expand the test to an-

continued on page 68

Kentucky Fried Chicken changed its menu to promote more healthful alternatives.

ORIGINAL RECIPE or
EXTRA CRISPY
10 Pc
15 Pc
20 Pc
Lite
FARE
KENTUCKY NUGGETS
SANDWICHES
FRENCH FRIES
REGULAR
LARGE
BISCUITS
KFC

CHICKEN
$7.9 billion
7.1% of all
400 commercial sales

TOP TRENDS
- Grilled, roasted and or baked products
- Listing calorie counts on menus
- Promoting combo packs and add-ons to spur traffic and up check averages
- Building traffic during off-hours with snack items
- Delivering to homes and offices

BEST SELLERS
- KFC: Original Recipe fried chicken
- Popeyes: Original fried chicken
- Chick-fil-A: Chargrilled chicken sandwich
- El Pollo Loco: Charbroiled chicken
- Grandy's: Country steak dinner
- Bojangles': Chicken and biscuits
- Mrs. Winner's: 2-piece fried chicken dinner

BEST PROMOS
- KFC Hot Wings
- Bojangles' Biscuit Bonanza, in which a different variety of breakfast biscuit was offered all day long
- Church's 2 + 2 = $2.22—chicken leg and chicken thigh, small mashed potato and small cole slaw, plus biscuit or a roll

A complete ranking of the 400 by segment begins on page 21.

400: CHICKEN

continued from page 63

KFC tests a marinated broiled chicken; El Pollo launches charbroiled sandwich.

other 200 units this year.

The chain also is developing kiosks, express units and other new outlets designed to fit into malls, airports, office buildings and other high-traffic venues.

POPEYES FAMOUS FRIED CHICKEN
$547.0MM
Popeyes' latest menu addition is fried chicken, but with a difference—it's skinless. Chicken tacos, onion rings and fruit salad currently are in test. Seafood gumbo, rolled last year, has been pulled from the menu because of poor sales.

The beleagured Jefferson, La.-based subsidiary of A. Copeland Enterprises also is in the process of developing a double-drive-thru unit.

CHURCH'S CHICKEN
$514.0MM
Church's, also owned by Copeland, debuted its footlong chicken sandwich late last year, along with a pork dinner and glazed apple pie. In addition, fried fish now comes in dinner and family-size packs.

To build check averages, the Jefferson, La.-based company has begun promoting specific menu items to build customer traffic and increase average checks.

CHICK-FIL-A
$293.7MM
The Atlanta-based chain's chargrilled chicken sandwich and salad lines, dating back to August '89 and heavily promoted since then, rank as the top sellers, with chicken nuggets close behind. As a result, Chick-fil-A shelved chicken product introductions in 1990.

However, fresh-squeezed diet lemonade (32 calories vs. 138 for regular) and New York-style cheesecake, which has heightened the visibility of the chain's entire dessert menu, are stimulating customer counts.

EL POLLO LOCO
$194.9MM
With traffic down nearly 12% last year, the company is banking on a much-needed portable item: a $2.99 hand-held charbroiled chicken sandwich, rolled out in September. In March, El Pollo Loco added a choice of two side orders to the sandwich, and raised the price to $3.99.

During the winter, the Irvine, Calif.-based company introduced a charbroiled chicken salad. Sales were modest but are expected to pick up this summer. Currently in test: chicken tacos and burritos—with promotions putting the emphasis on "chicken."

GRANDY'S CHICKEN 'N BISCUITS
$183.1MM
Low-calorie dinners highlight the chain's new line of grilled entrees. First up: spicy Southwestern Grilled Chicken, a marinated boneless fillet dished up with seasoned rice, green beans and a roll. Calorie count: 405. In test, the dinner racked up 10% to 12% of sales. The sequel: a 350-calorie sandwich version on honey-wheat bread. Both products proved so successful that Grandy's installed grill equipment in all 201 units.

A pair of cobblers, peach and cherry, also were added.

Lewisville, Texas-based Grandy's took fried catfish off the menu because sales dropped off after Easter. The dinner was revived as a Lenten special this year.

Add-on programs include a discount of the 99-cent trademarked "Sinnamon" roll to 69 cents when customers order it with a dinner entree.

BOJANGLES' CHICKEN & BISCUITS
$121.0MM
In the last year, Bojangles', Charlotte, N.C., added Chicken Supremes, strips of fried Cajun-spiced breast fillet, and blueberry-filled Bo-Berry biscuits.

Later this year, Bojangles' will introduce Cajun and Southern Lite, a duo of skinless fried chicken products. Also on the drawing boards: sandwiches, biscuits and baked goods.

Other gambits to beef up average checks include a breakfast value menu, combo packs and larger drinking cups.

MRS. WINNER'S CHICKEN & BISCUITS
$79.0MM
Product introductions have blossomed under new parent RTM's guidance. Among them: oven-roasted dinners, sandwiches, Buffalo wings, chicken fingers and even breakfast offerings.

A fried chicken dinner is Brentwood, Tenn.-based Mrs. Winner's mainstay. But its baked entree, traditionally a close second, is being supplanted by an oven-roasted, bone-in quarter-chicken offering. The dish, introduced last year, is served with wild rice and two side dishes.

New this year: grilled chicken sandwiches, either plain, barbecued or club.

PIONEER CHICKEN
$40.0MM
This other Chapter 11 casualty, based in Canoga Park, Calif., gamely grits its teeth and forges ahead with product additions. New menu items include Blazing Wings, chicken taquitos and rotisserie chicken.

—Barbara Magan Dawson

EL POLLO LOCO HOLDS CONTEST FOR COOKS

Last year, **El Pollo Loco** conducted the first El Pollo Chicken Challenge. The contest pitted 230 of the chain's cooks, called "cocineros," against each other for the title of best cook.

The competition began in August and ended in October, with six cocineros vying for the top honor. The finalists, hailing from Texas and California, participated in a cook-off in Irvine, Calif. El Pollo Loco executive and research and development staff served as the judging panel.

The intent of the competition, says El Pollo President Jim Berney, was to spotlight the skilled workers who are responsible for quality and consistency at the unit level. The contest, he said, stressed the importance of maintaining quality and standards, while helping the cooks to become more conscious of product color, taste, flavor and moisture content.

El Pollo Loco will repeat the contest next year.

400: SWEETS

MORE 'SKINNY' SWEETS LINES SHAKE UP THE DIET DICHOTOMY

Dunkin' Donuts cuts cholesterol; Baskin-Robbins leads with artificial fat.

The new generation of sweets might not all fly under the healthful-food banner, but most answer consumers' call for a more healthful twist to their treats.

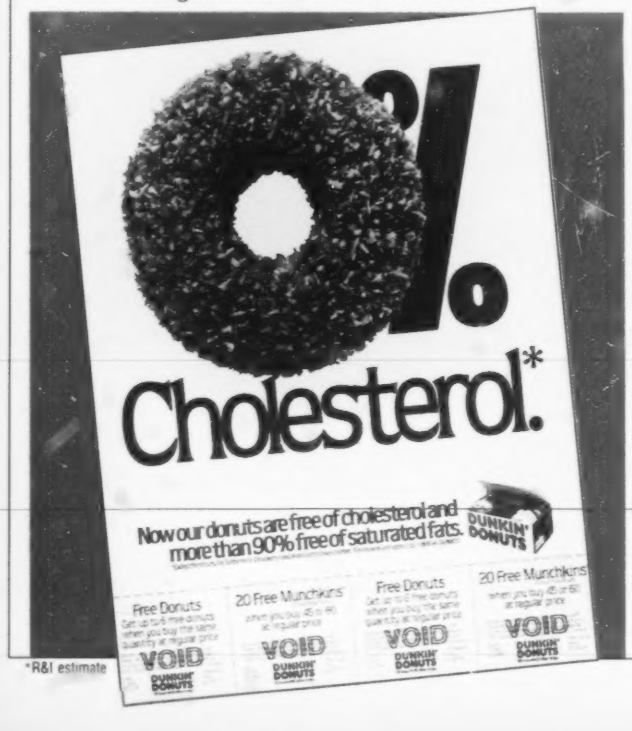
Ready with products bearing new low-fat, low-calorie and low-cholesterol ingredients, chains responded to health-conscious customers by introducing entire lines of "light" products. The trend extends from mainline menu fare such as Dunkin' Donuts' cholesterol-free doughnuts to nondessert items, for instance, the light mayonnaise used on Dairy Queen's grilled chicken sandwich. The chain will use the spread on other sandwiches served with mayonnaise, too.

Convenience and impulse flavored product introductions, as well. Companies that specialize in special-occasion treats are rolling out products that customers can take home for dessert any night of the week.

DAIRY QUEEN
$2,316.3MM*

Dairy Queen's frozen yogurt, *R&I*'s cover product for last year's 400, now is in about 3,000 units nationwide. The vanilla yogurt, an optional product for franchisees, is served with swirled-in toppings and flavors. It figures from 2% to 12% of the product mix, depending on the season and how it is promoted, according to Mike Sullivan, president and CEO of the Bloomington, Minn.-based chain.

Dunkin' Donuts changed its recipes to make all but four doughnut varieties cholesterol free.


0% Cholesterol.*
Now our donuts are free of cholesterol and more than 90% free of saturated fats.
DUNKIN' DONUTS
Free Donuts
Get up to 6 free donuts when you buy the same quantity at regular price
VOID
20 Free Munchkins
when you buy 45 or 60 at regular price
VOID
Free Donuts
Get up to 6 free donuts when you buy the same quantity at regular price
VOID
20 Free Munchkins
when you buy 45 or 60 at regular price
VOID

Another new product, a grilled chicken sandwich, debuted last winter. The item, a skinless marinated fillet served with reduced-calorie and cholesterol-free mayonnaise, sports about 300 calories (with lettuce, tomato and bun). Priced at about $2.70, it is required for all DQ Brazier units.

The chain's Blizzard mix-in dessert and Peanut Butter Parfait remain its biggest sellers.

DUNKIN' DONUTS
$913.0MM

No-cholesterol doughnuts have graced Randolph, Mass.-based Dunkin' Donuts menu since last March. Only four varieties on the chain's menu still have cholesterol. Customers like the doughnuts—at least they say so in calls to a toll-free number installed to gauge reaction to the new fare, according to Glenn Bacheller, vice president of marketing.

When it comes to popular menu items, the chain's signature products—doughnuts and coffee—still top other items such as brownies, muffins, bagels, soup and sandwiches. A single doughnut runs about 50 cents; a dozen, about $3.39.

Increasing its presence in airports and institutional outlets such as college and employee cafeteria foodservices figures largely in Dunkin' Donuts' marketing strategy.

BASKIN-ROBBINS ICE CREAM
$671.1MM*

This spring, Fat Free frozen

continued on page 74

*R&I estimate

SWEETS
$5.9 billion
5.3% of all
400 commercial sales

TOP TRENDS

- ▶ Adding full lines of healthful products, not just single items
- ▶ Indulging customers' need to "reward" the everyday with a special dessert
- ▶ Looking into new markets, both through takeout packaging and limited menu service in volume-feeding situations

BEST SELLERS

- ▶ Any product whose first name is Reduced, Low or No
- ▶ Vanilla ice cream or yogurt
- ▶ Soft-serve ice cream or yogurt with mix-in ingredients such as cookies, candy and fruit
- ▶ Novelties—factory packaged for takeout
- ▶ Grilled chicken sandwiches

BEST PROMOTIONS

- ▶ Dunkin' Donuts: 2-pound packages of take-home coffee for $4.99 sold well around the holidays
- ▶ Carvel: special holiday-theme ice cream cakes
- ▶ Tastee-Freez: collector car sweepstakes promoted with free-standing inserts offering coupons for food items and an entry blank

A complete ranking of the 400 by segment begins on page 21.

400: SWEETS

continued from page 71

Novelties packaged for takeout bring convenience to signature products.

dessert joined Baskin-Robbins' Sugar Free and Light dairy dessert lineups. The Glendale, Calif.-based company uses a fat substitute of blended egg whites and skim milk protein in the new product, which has about 100 calories per 4-ounce serving. It comes in four flavors.

The chain also introduced factory-made Chillyburgers, ice-cream cookie sandwiches packaged for takeout, this year. The most popular flavors of the product now are shipped directly to stores. Other flavors are available in the stores, where counter staff assemble them. They are priced at about 79 cents.

Of the chain's 31 flavors of ice cream, customers often choose vanilla, of course, and pralines and cream.

TCBY
$343.0MM

This spring, TCBY, Little Rock, Ark., introduced its line of "slightly smaller" sundaes, called Sundettes. Offered with traditional toppings, the product can be made with any yogurt in the store—regular, sugar free or nonfat. Sundettes run about $1.29 to $1.59.

Typically, a small cup of yogurt (4.5 ounces), in vanilla or chocolate, with candy or fruit topping, is TCBY's best-selling product, says Gale Law, finance director. A small cup is priced about $1 to $1.49.

A new novelty product is the Yog-A-Bar—yogurt on a stick, dipped in chocolate. Manufactured at a plant in Dallas, the bar is available in four flavors, with regular, nonfat, or nonfat and sugar-free yogurt, and it comes with or without almonds in the chocolate coating. The Yog-A-Bar runs $1 to $1.59.

CARVEL
$190.0MM

In the last year, Carvel, Yonkers, N.Y., repositioned itself as Carvel Ice Cream Bakery to focus on its long-time signature product, ice cream cakes. It also expanded its presence in East Coast sports complexes to include Joe Robbie Stadium in Miami, as well as Shea and Yankee stadiums and Madison Square Garden in New York, and the Meadowlands in New Jersey.

Carvel sells a limited menu of fountain items and novelties (such as its signature Flying Saucer) at the sports facilities. Regular stores carry full lines of both, along with the four kinds of ice cream cakes now featured.

This spring, the company launched its Classics ice cream cake line. With such varieties as Butterscotch Nut and Sinfully Chocolate Fudge, this upscale line is positioned as an everyday dessert or snack.

Special-occasion cakes include birthday and anniversary cakes. Character cakes are promoted at holidays—for instance, bunny- and egg-shape cakes for Easter. Carvel also prepares custom-made cakes for events such as weddings. All feature the chain's trademark crunchy filling.

BRAUM ICE CREAM & DAIRY STORES
$163.8MM*

Sugar-free frozen yogurt, fat-free frozen yogurt and a line of premium novelties are new products at Oklahoma City-based Braum's.

Premium desserts include The Supreme, an ice-cream candy bar with caramel, peanuts and chocolate coating, and the Pecan Caramel Fudge Sundae, a 4-ounce premium ice-cream sundae with pecans, caramel and fudge.

The Mix, a soft-serve frozen yogurt dessert with ingredients from normal ice cream toppings to candy and cookie pieces, continues to lead sales. It is available in two sizes—12 oz. for $1.49 or 16 ounces for $1.79.

MRS. FIELDS
$154.7MM*

Mrs. Fields, Park City, Utah, has promoted several items lately. In May, it offered 12 cookies in a tin for $7.99. In June, its Cow Down Cookie promotion offered a special dairy tie-in—when customers bought two cookies, they could get a half-pint carton of milk for a quarter.

Introduced during this spring's promotions, the Cowabunga Cookie is a chewy fudge cookie dipped in white chocolate.

The chocolate chip cookie still wins as Mrs. Fields best-selling product. The chain's cookies are regularly priced at about 89 cents each.

TASTEE-FREEZ
$130.0MM

The Freezee, a mix-in soft-serve product priced at about $1.89, led sales in the sweets category for Tastee-Freez, Utica, Mich., this year. On the other side of the menu, the chain's Big Country Burger, a signature quarter-pound patty with lettuce, tomato and mayonnaise that sells for about $2.39, racked up top sales.

Ice cream and other dessert products make up about 60% to 63% of Tastee-Freez sales, says Jim Brasier, president.

Tastee-Freez's collector car sweepstakes figured among the chain's most successful promotions of the year, says Brasier. The promotion, run annually since 1982, featured a restored 1950 Cadillac in 1990.

—Erin Nicholas

'SUMPTUOUS AND SKINNY'

The following items show the range of confections on sweets segment menus.

Braum
Sumptuous: **Banana split ($2.69)**
Skinny: **Cup of frozen yogurt (4.5-ounce serving, about 200 calories; 89 cents)**

Dairy Queen
Sumptuous: **Blizzard mix-in dessert (regular-size strawberry, 740 calories; regular-size toffee-candy version, 820 calories; about $1.83)**
Skinny: **Regular-size yogurt cone (nonfat cholesterol-free yogurt; 4¾ ounces, 180 calories; about 93 cents)**

Mrs. Fields
Sumptuous: **White chocolate and macadamia nut cookie (89 cents)**
Skinny: **No-cholesterol peanut butter and chocolate chip cookies (89 cents)**

Tastee-Freez
Sumptuous: **Banana split ($2.39)**
Skinny: **Medium soft-serve ice cream cone (97¾% fat free; 69 to 79 cents)**

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*R&I estimate

400: STEAK/BARBECUE

DINNER BARS BECOME POPULAR AS STEAK SEGMENT DIVERSIFIES

Full-meal specials, new marketing campaigns revitalize chains.

Salad bars and hot food buffets are winning customers and giving vitality to many of the nation's largest steakhouse and barbecue chains.

Segment giants Sizzler and Metromedia Steakhouses—parent of Ponderosa and Bonanza—both have rolled out family-dining-style innovations in the last two years. The most significant: complete dinner specials and specialty food bars. Although prices of dinner specials went up across the segment last year, chains still are promoting them as high-value deals.

Lighter fare is advancing on menus as well. Chains are offering more entree salads and some have even rolled out low-cholesterol beef. Sauces and heavy side dishes are taking a back seat to simplicity, economy and calorie-counting.

Nearly every player in this segment has implemented a buffet of some kind. Grilled and broiled chicken and shrimp dishes were the most popular menu additions over the last year.

Chain founder Ruth Fertel displays a typical meal at Ruth's Chris Steak House.

SIZZLER RESTAURANTS INTERNATIONAL
$916.7MM

Los Angeles-based Sizzler is promoting its new Buffet Court and Grill. This new scatter-bar concept permits customers to serve themselves more quickly, which allows for greater traffic at peak periods. Although unit sales are rising, the setup requires additional employees, which has boosted labor costs. It also has increased food costs, leading the company to revamp its offerings.

Buffet Court and Grill features a hot food bar as well as grilled chicken and tuna sandwiches as alternatives to the usual steakhouse offerings.

PONDEROSA
$699.0MM

Since Ponderosa purchased Bonanza in 1989, more than 60 Bonanza units have voluntarily converted to the Ponderosa concept, allowing the Dayton, Ohio-based branch of Metromedia Steakhouses to expand its market. Ponderosa's systemwide total currently stands at 760 restaurants.

Ponderosa transformed its salad bar into the 70-item Grand Buffet. The chain now serves an upgraded choice selection of meat instead of the previous tenderized utility grade. Also, $3.99 rib-eye meals have been replaced by $4.49 to $4.99 offerings.

BONANZA RESTAURANTS
$515.0MM

Dallas-based Bonanza rolled out four new $5.99 chicken entrees this year, launching the items with a radio and TV ad campaign starring John Ratzenberger from the

continued on page 86

STEAK/ BARBECUE
$4.8 billion
4.3% of all
400 commercial sales

TOP TRENDS
- Food bars, with wide salad and even Mexican selections
- Grilled chicken and shrimp dishes
- Lunch specials at lower prices and once-a-week items
- Expansion into foreign markets
- In-line stores in shopping malls

NEW IN '90
- Sizzler: Grilled chicken and tuna sandwiches
- Ponderosa: Upgraded choice selection meat
- Bonanza: Four new chicken entrees
- Western Sizzlin: Broiled chicken and fish; chicken tips
- Quincy's: Southern-style breakfast, grilled chicken breast sandwich
- Western Steer: Crab legs, crab cakes, pork chops with stuffed cabbage
- Sirloin Stockade: All-you-can-eat Smorgasbar
- Mr. Steak: Caesar chicken salad, seafood lobster salad, Cajun-flavored steaks

A complete ranking of the 400 by segment begins on page 21.

400: STEAK/BARBECUE

continued from page 81

NBC sitcom *Cheers*. The company concentrated its marketing efforts regionally.

WESTERN SIZZLIN STEAKHOUSES
$445.0MM
Trying to set itself apart from a crowded segment, Dallas-based Western Sizzlin introduced a new logo in 1989-90 to promote itself as a "Steak and More" restaurant chain. The logo and a new look for the units are what Chief Financial Officer Tom Buckley calls part of "the Western Sizzlin of the future."

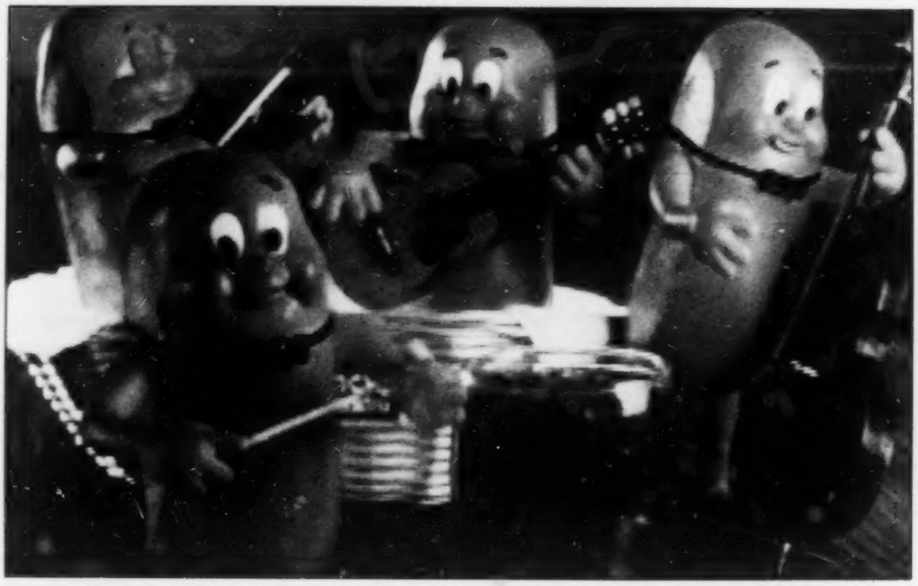
The chain rolled out a new lunch marketing strategy in 1990, with items from $2.99. The new menu includes broiled chicken and fish dishes as well as a chicken tips entree. Some units also offer a fish catch of the day.

The redesign of Western Sizzlin restaurants features more colorful, brighter spaces with an accent on customer comfort. Top management also has clamped down on franchisees, tightly supervising all operations.

QUINCY'S FAMILY STEAKHOUSE
$281.5MM
Quincy's rolled out its Country Sideboard Breakfast Bar on weekends in 1990. The bar, featuring a classic Southern-style breakfast, has become a staple.

The menu of the Spartanburg, S.C.-based chain features fresh-cut steaks, chicken, seafood and fresh-baked yeast rolls, which were the subject of a new advertising promotion in 1990. Quincy's introduced the Big Fat Yeast Roll, an animated version of the signature item, for TV spots.

New menu items in 1990 included a grilled chicken breast sandwich and a country-style steak sandwich. Quincy's also developed a local-store marketing manual of community relations ideas for each restaurant.



The Big Fat Yeast Roll quartet plays a few bars to promote Quincy's Family Steakhouses.

WESTERN STEER FAMILY STEAKHOUSES
$142.4MM
Claremont, N.C.-based Western Steer actively is pursuing new franchisees outside of its traditional Southeast market in an attempt to become a more national chain. The company plans to expand into other regions in 1991, says Dick Reinhart, vice president of marketing.

Western Steer established its first strip-mall store last year, and Reinhart says it has been enormously profitable, in large part because the 5,500-square-foot store is much easier to maintain than the company's usual 8,500-square-foot outlets. Many of the new stores planned will be in strip malls, he says.

The chain also added theme-buffet nights this year; for example, a seafood night features peelable shrimp, crab legs and crab cakes, and a country cooking buffet offers roast beef, turkey and ham as well as pork chops and stuffed cabbage.

Another product on line is the Intimidator, a large sirloin for two with two baked potatoes. This entree is made from, as are all Western Steer products since 1990, a brand of beef that Reinhart says has three-fourths the calories and cholesterol of regular beef.

SIRLOIN STOCKADE
$64.0MM
One word describes 1990 for Hutchinson, Kan.-based Sirloin Stockade—Smorgasbar. The Smorgasbar is an all-you-can-eat salad, hot food and dessert bar. Last year, the company expanded it and improved food quality, according to Paul D. Roederer, chief financial officer.

New menu items in 1990 include smoked pork chops and a selection of Lite 'N Lean entrees. On line for 1991 are barbecue pork ribs, shrimp scampi and crab salad supreme. Sirloin Stockade also plans to improve its sandwich selection.

To increase average checks, the company initiated selective price increases and featured higher-priced off-menu specials. The largest promotion last year was a Kids Eat Free on Tuesday program.

RUTH'S CHRIS STEAK HOUSE
$60.0MM
The 29-unit steakhouse chain found a great way to bring new customers through the door in 1990. "We started a hotel program wherein we invited concierges, bell-station staff, convention planners, and food and beverage directors from local hotels to try us out," says Dan Earles, senior vice president of operations. "We felt that when they got to know us, meet our staff and eat our food, they'd be able to recommend us to guests with conviction."

The chain makes a point of calling the hotels to get feedback on what their guests thought of the restaurants as well. The plan worked: Customer counts rose 28.3% in 1990, thanks in part to this savvy, word-of-mouth advertising.

Repeat business is one of New Orleans-based Ruth's Chris' strong points as well, according to Earles. Part of the reason is the chain sticks to the basics, doing what it does best—as a result, new

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400: STEAK/BARBECUE

continued from page 86

Chains are using lower-cholesterol beef and trying to reduce calorie content.

menu additions are rare.

"About 25% to 30% of our business comes from corporate travelers. They come back to us because they know what to expect," says Earles. "That's especially important when a customer is entertaining." Exceptions to the menu addition policy this year include a proprietary apple pie, five years in development, which already has captured 30% of dessert sales since its introduction in January.

A Caesar salad and a mixed-grill platter featuring a steak fillet, marinated chicken breast and andouille sausage ($16.50), both introduced in 1990, also sell well, according to Earles.

MR. STEAK
$51.0MM

To build customer traffic in off-peak hours, Englewood, Colo.-based Mr. Steak introduced a Twilight Bites menu, which offers smaller portions at smaller prices in the afternoons. The company started merchandising appetizers and desserts as well as higher-priced entrees via a chalkboard at dinner.

Mr. Steak also updated employee uniforms to a more casual look and stepped up takeout promotions. For additional revenue, the company is booking banquets at restaurants that can accommodate them.

New items in 1990 included Caesar chicken salad, seafood lobster salad and Cajun-flavored steaks. Coming in 1991 are a steak and clambake combo and a spinach chicken salad. Mr. Steak's big promotion in 1990 featured its steak and lobster plate and lobster dinner.

BOBBY RUBINO'S PLACE FOR RIBS
$43.4MM

Predominantly known for its barbecue items, Fort Lauderdale, Fla.-based Bobby Rubino's is showing an increased interest in more healthful items and rolling out an expanded lunch menu, according to Janice Kinker-Weinsoff, director of advertising and marketing.

The lunch menu sports 16 new entrees, four new appetizers and several shrimp selections, most priced under $6. Entrees include grilled chicken salad, grilled shrimp salad and grilled steak salad, all without Bobby Rubino's trademark barbecue sauce.

Bobby Rubino's is also replacing its traditional placemat menu at lunch with a hand-held menu able to list all the new items. "We could have the best product in the world, but if it's not accessible and too expensive, no one will go for it," Kinker-Weinsoff says. Still, the company has introduced some pricier items such as salmon steak, mahi-mahi and coconut shrimp.

After a major test-marketing campaign found that the specialty salads sold very well, Bobby Rubino's launched a three-tiered promotion using direct mail, radio and TV and the new slogan, "Bobby Rubino's—for Rib Lovers and everyone else." *—Neal Pollack*

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400: DINNER HOUSES

CHAINS PROMOTE DIVERSE MENUS AND FAMILY DINING

Entree salads and Italian dishes help capture the "new" dinner-house diner.

With their moderate prices, casual atmospheres and broad menus, dinner houses are appealing to more people than ever before.

To bring customers into their restaurants, chains are expanding both food selections and marketing strategies. The primary focus is on singles and young adults, but children and families have not been neglected. More than one chain has advertised its restaurants as relaxing for the whole family, with early-bird specials and promos aimed at families.

Another trend is the proliferation of entree salads and the introduction of healthful items. But big salads have entered a new age. The classic chef's salad—with its turkey, ham and raw vegetables—has generated popular offshoots. These salads have ingredients such as charbroiled chicken and green peppers, or calamari and other seafood.

Italian offerings also are growing in number, but spaghetti with meat sauce alone won't cut it; new sauces and pastas, new vegetables and seafoods are necessary to suit the kinds of diners dinner houses are targeting.

THE GROUND ROUND
$284.0MM

Changing demographics has made family the new marketing focus at South Weymouth, Mass.-based Ground Round. The Ground Round previously aimed its advertising at single parents between the ages of 25 and 49, but has expanded its strategy to target all adults in that age group, says Judith Kelly, vice president of marketing.

"We're going from being discount-oriented to being more value-oriented," she says. "It's a merging of roles for the family—we're looking at the family as a unit, not just at man, woman and children in isolated roles."

Kelly says the new strategy is based on the idea of a "no-compromise experience" for parents and children. The working slogan is: "Where kids can relax and parents can have fun."

The Ground Round is undergoing menu adjustments, as well, although the hamburger remains the company's cornerstone. Last year saw the addition of a Taste of Italy menu, including grilled chicken marinara and two kinds of lasagna. In the past two years, the company also has tried to feature lighter fare, introducing eight new entree salads.

In addition, Ground Round has begun to feature daily specials, in what Kelly calls an "off-menu menu." Individual managers determine specials, which are made from scratch. These can include meatloaf, turkey breast, roast beef and London broil, all served with mashed potatoes and vegetables. Kelly says Ground Round wants to expand the off-menu to include appetizers and other menu categories by the end of the year.

continued on page 102

Ruby Tuesday's Tostada Salad is one of several new menu items for the company.

DINNER HOUSES
$5.0 billion
4.6% of all 400 commercial sales

TOP TRENDS

- **Offering promotions targeted at families**
- **Introducing diverse entree salads as part of healthful menus**
- **Serving up lots of Italian dishes, especially pasta and seafood offerings**
- **Launching off-premises catering, concessions, and home delivery operations**
- **Increasing menu variety with daily specials**

BEST SELLERS

- **The Ground Round: Classic hamburgers**
- **Chili's: Fajitas**
- **Ruby Tuesday: Chicken teriyaki**
- **Houlihan's: Cajun shrimp**
- **O'Charley's: Prime rib**

NEW MENU ITEMS

- **The Ground Round: Grilled chicken marinara, chicken fingers Parmesan**
- **Chili's: The Awesome Blossom (an 18- to 20-oz. deep-fried whole onion)**
- **Ruby Tuesday: Smoky Mountain Chicken, deep-fried pastry shell salads**
- **Red Robin: Gourmet pizza, Baja steak sandwich**
- **O'Charley's: Southern fried chicken salad**

A complete ranking of the 400 by segment begins on page 21.

← For information circle **30**

400: DINNER HOUSES

continued from page 99

RUBY TUESDAY
$209.0MM**

Mobile, Ala.-based Ruby Tuesday added 31 units this year and is trying to expand further. The company built three free-standing prototypes in Atlanta and one in Charlotte, N.C., as part of a long-term strategic plan for growing away from shopping malls.

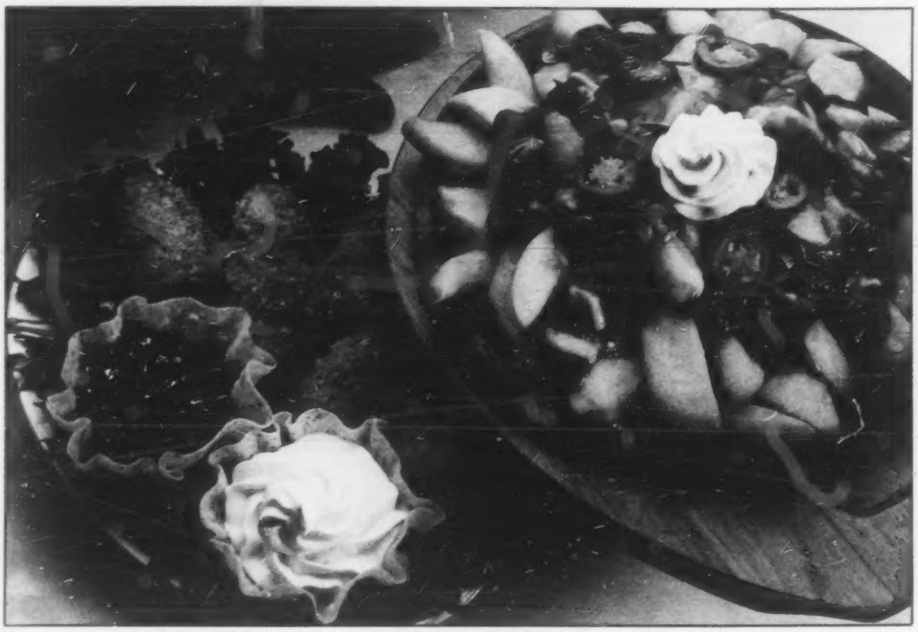
A new, streamlined menu, introduced last year, has been augmented by a Pro-Health Dining menu, or PHD, developed by Morrison's Custom Management, Morrison's contract division. New healthful entrees include an open-face chicken breast sandwich, a steamed vegetable plate and a tuna-stuffed tomato. Also new on the chain's regular menu are a barbecue chicken and ribs combination platter and deep-dish apple pie. The most popular menu items continue to be sandwiches, burgers, salads, steaks and fajitas.

Promoting itself as a casual, friendly restaurant, Ruby Tuesday has introduced the tagline "When you're ready to relax" to its advertising campaign.

HOULIHAN'S
$206.1MM

While St. Patrick's Day and the weeks preceding it see Kansas City, Mo.-based Houlihan's biggest promotional push, the chain is diversifying its menu to build business during the other 11 months of the year. After the addition last year of such items as a tortellini salad and Szechwan-fried calamari, Houlihan's menu has become even more varied.

Italian items are the most popular newcomers to the menu, especially gnocchi bolognese and shrimp linguine. Houlihan's also introduced Santa Fe chicken skewers and a Hot Stacked Beef & Cheese sandwich. For dessert, the menu now includes a low-fat frozen yogurt-toffee pie. The chain will add two to six new items by the end of 1991.



Two of Red Robin's new items: Red's Hot Peppers and Chili Cheese Fries.

RED ROBIN INTERNATIONAL
$146.0MM

Irvine, Calif.-based Red Robin takes home the unofficial prize for most original new menu item this year: The company recently unveiled Red's Hot Peppers, a whole jalapeño pepper stuffed with cream cheese, deep-fried in a breadcrumb coating and served with jalapeño jelly. Initial testing brought a positive customer response, but full reaction has not yet been mapped.

Gourmet skillet pizzas, introduced last year, have sold well. Red Robin has added little else to the menu except for a few signature burgers and salads. The classic cheeseburger continues to be Red Robin's biggest seller.

The company featured its "Cruisin' The Coast With Red Robin" promotion in the first quarter of this year, giving out five cruises and more than 100,000 other prizes.

CHART HOUSE RESTAURANTS
$143.2MM*

Simplicity has been a dominant menu theme at the Solana Beach, Calif.-based company, which operates 66 Chart House restaurants in 20 states. Dramatic, free-standing restaurant sites (along a coast, in mountain ski areas or in historic urban buildings), are the company's second signature.

The company's 30th anniversary this month will usher in changes, but not in those two areas. Both menu and presentations will remain uncluttered and uncomplicated.

One menu change—the introduction of a 7- to 8-ounce prime rib cut—reflects the shift to lighter eating. The company says it doesn't expect the small steaks to hurt sales of its 20-oz. Callahan Cut prime rib ($22.75).

Other menu changes are the addition to the plate of a baked potato or rice dish, formerly a la carte menu items. The signature "Squaw" bread is another new accompaniment. Most units also have all-you-can eat salad bars.

The best-selling menu category is fresh seafood (from $15 up), but the best-selling single item is still the 10- or 11-ounce Prime Rib Dinner ($19.95).

Chart House signature dishes include teriyaki top sirloin ($17 to $18) and teriyaki chicken ($15 to $16), both marinated in a special sauce. A top-selling dessert is the towering Mud Pie ($4.45). Appetizers vary regionally, with sashimi popular in California, crab cakes in Maryland. In Boston, the New England Clam Chowder ($4.45) was voted the city's best for the third year in a row in a local media poll.

Most restaurants are open for dinner only, seven days a week, and also weekend brunch. A company spokesperson notes recent rapid growth in catered events during daytime hours.

LETTUCE ENTERTAIN YOU ENTERPRISES
$91.0MM*

Can there be menu trends—

continued on page 106

*R&I estimate; **company estimate

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400: DINNER HOUSES

continued from page 102

Variations on the chef's-salad theme keep dinner-house patrons interested.

or any direction at all—in a restaurant company where creativity is the first order of business and signature dishes are the rule? Twenty-two of Lettuce Entertain You Enterprises units are in the Chicago area. Each restaurant is a different concept with a different decor and menu—with the following exceptions: Ed Debevic's, The Original Gino's East of Chicago and the Italian Tucci restaurants.

Menu fare and check averages range wildly and include fine dining at Everest Room and Ambria; bistro, trattoria and tapas bar chic at Un Grand Café, Scoozi and Cafe Ba·Ba·Reeba!; and country barbecue and Tex-Mex informality at Bub City and The Original A1 Border Beanery.

Nevertheless, there are distinct menu trends among LEYE's diverse collection of restaurants. The prime focus in food has always been taste, says CEO Rich Melman. Recently one of the strongest directions is the Heart Healthy Dining Program, launched in April 1990 in Chicago restaurants in cooperation with the local American Heart Association.

The company says the program is well-liked by customers, with approximately 12% of total sales from heart-healthy dishes. Four restaurants lead sales in that category: Avanzare, Tucci Milan, The Pump Room and Shaw's Crab House.

At The Original A1 Border Beanery, the best seller and the best-selling heart-healthy menu item are one and the same: grilled-on-mesquite chicken fajita ($9.95). At Scoozi, Pollo Stephano, a marinated grilled chicken breast with steamed vegetables ($8.95), tops sales, and at Hat Dance (LEYE's eclectic Mexican concept), 77% of the customers who order dessert ask for the heart-healthy chocolate angel food cake.

But sluggish sales of heart-healthy items have lead to the program's demise at Ed Debevic's. There, the No. 1 best seller is the bacon cheeseburger ($4.55). Customers come to Ed's for a big helping of nostalgia from the '50s (when cholesterol was not a byword) and the hometown diner (where short orders didn't count calories). Salads are prominent in Ed's new 1991 menu items: "garbage," shrimp, chicken and fruit.

Top priorities at LEYE this summer include developing signature dishes for two restaurants slated for fall opening. One will feature foods of the Mediterranean and Greece; the other will be a new Italian concept.

O'CHARLEY'S
$60.0MM

O'Charley's, never known for flashiness or even a signature dish, is busy testing a downscaled menu format that uses a plastic jacket. Unlike its current laminated permanent menu, this menu gives the chain flexibility to change items or prices.

Because the chain plans to focus on a few high-quality dishes, it has cut the number of menu offerings. Although occasionally supplemented by seafood platters and "Early Bird" specials at selected locations, O'Charley's basic fare of prime rib, chicken, sandwiches, salads and other simple, traditional American dishes is its mainstay. The company added five new locations in 1990 and is planning similar growth for 1991. ***—N.P.***

400: MEXICAN

POCO PRICES AND MUCHO MENU CHOICES DRIVE TRAFFIC JUMP

Chains set under-a-dollar pricing and mix-n-match menu strategies.

Traffic in Mexican restaurants rose more than 10% in 1990, compared to an increase of 2% for the industry as a whole, according to Consumer Reports on Eating Share Trends (CREST).

Taco Bell, with 70% of the Mexican fast-food market, posted a 12.7% sales jump for the year and set the pace both in value pricing and nutrition-oriented menu introductions.

Quick- and full-service operations alike devised slick promotions hyping a litany of new products, eye-catching presentations and under-a-dollar pricing.

Concern about nutrition shifted menu focus to products low in fat, cholesterol, sodium and calories.

Virtually every Mexican chain added new chicken offerings to its bill of fare.

And while seafood has hooked patrons at Acapulco Restaurants—fish and seafood entrees leaped from 2% to nearly 9% of sales—and Carlos Murphy's—the fish taco is 3% to 4% of sales—it has lost favor at Red Onion and El Chico. Red Onion now features only shrimp and lobster offerings; El Chico has eliminated all seafood from the menu.

Segment-jumping fajitas continue to captivate Mexican restaurant menus, too. And combo platters, which many customers perceive as a value buy, are boosting average tickets at Acapulco, El Torito and Taco John's.

Most chains continue to develop takeout programs.

TACO BELL
$2,400.0MM

Taco Bell's three-tiered pricing format—59-, 79- and 99-cents—has scored a resounding success.

The company's current concern is nutrition. Thirteen of the Mexican giant's 27 menu items are under 300 calories. Its attention also is on the development of fat-free condiments, including taco sauces and salsa. Many flavor enhancers and additives, for example, monosodium glutamate and sulfites, now are shunned.

New on the menu this spring: five skinless, oven-roasted chicken offerings. The products are crisp and soft chicken tacos (79 cents

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Taco Bell's value menu helped the segment leader post a 12.7% sales increase last year.

MEXICAN
$4.3 billion
4.0% of all
400 commercial sales

TOP TRENDS

- ▶ Pushing value—nutritional and monetary
- ▶ Using chicken in items traditionally served with beef
- ▶ Serving combination platters
- ▶ Testing to-go products and packaging

BEST SELLERS

- ▶ Taco Bell: All tacos
- ▶ Chi-Chi's: El Grande Burro
- ▶ El Torito: Fajitas
- ▶ Del Taco: Tacos, burritos
- ▶ Taco John's: Soft taco
- ▶ El Chico: Enchiladas
- ▶ Taco Time: Crisp Meat Burrito; Crisp Tacos
- ▶ Acapulco: Two-item combo
- ▶ Taco Villa: All tacos
- ▶ Red Onion: Fajitas
- ▶ Carlos Murphy's: Fajitas, fish taco

A complete ranking of the 400 by segment begins on page 21.

400: MEXICAN

continued from page 111

Customers say olé! to more chicken options and combination plates.

each); and a Chicken Burrito, Tostada and MexiMelt (99 cents each).

Products in test include low-calorie chicken, Mexican and fresh garden salads. The Irvine, Calif.-based chain also is studying home delivery.

CHI-CHI'S
$458.9MM

Louisville, Ky.-based Chi-Chi's romance with Tex-Mex heated up with the appearance of several hotter, spicier Tex-Mex combos to balance out the menu's tamer Sonoran cuisine.

The combos are offered with ground beef or shredded chicken. They include Chimiquitos—three taquitos served with Spanish rice, refried beans and chili con queso, a spicy pork-based green chili sauce—and Durangos, which includes two guacamole-topped taquitos and a bean tostada.

Appetizer additions include a line of quesadillas; potato skins stuffed with ground beef, refried beans and melted Monterey Jack and Cheddar; and spicy breaded mozzarella cheese sticks. Light items include grilled halibut topped with ranchero sauce, and a white fish and snow crab salad with light ranch dressing, whole-wheat tortilla, fresh vegetables and fruits.

DEL TACO
$191.5MM*

Customer counts soared 25% in 1990 because of an all-out campaign to step up the menu's price-value relationship and hone operations to provide quicker, more efficient service.

The Costa Mesa, Calif.-based chain now offers 21 items under a dollar. Four separate menus, priced from 49 cents to 99 cents, feature an assortment of nachos, tacos, soft tacos, burritos, burgers and fries. Another lure: six- and 10-item takeout packs.

Last year's menu additions include deluxe and pita tacos, large fries and a 44-ounce drink. The rollout of chicken burritos in May brought the total number of chicken items to eight.

TACO JOHN'S
$133.1MM

Chicken offerings, introduced systemwide in 1990, and a new line of combo platters are beefing up Cheyenne, Wyo.-based Taco John's sales.

The combos include a taco and enchilada plate; a burrito topped with cheese and chili sauce; a chimichanga platter; a double enchilada; and a sampler platter featuring an enchilada, burrito and taco. Rice, refried beans and nacho chips come with each meal. Rollout of the combos, begun in late '90, is expected to be completed by the end of '91.

EL CHICO
$106.4MM*

Several grilled chicken entrees, including fajitas and a salad, debuted last year. Enchiladas remain El Chico's biggest seller, although the fajitas and other lighter items are coming on strong.

The Dallas-based chain is pairing grilled chicken with enchiladas and other Tex-Mex offerings. El Chico also is testing chicken with various sauces, including a tart tomatillo (green tomato) sauce. And it has dropped fish from the menu.

TACO TIME
$99.0MM

Despite the arrival of Mexi-Meals and quesadilla value platters, Crisp Meat Burritos and Crisp Tacos still top the order list for this Eugene, Ore.-based chain.

Taco Time will add Nachos Deluxe and a few new salad items later this year.

In the last year, the chain has redesigned menu boards to both bolster its suggestive-selling program and increase check averages.

Some franchisees are testing credit cards and delivery.

ACAPULCO RESTAURANTS
$74.0MM

Seafood dishes, now 9% of sales, have spawned a bounty of new entrees. Among them: broiled halibut, crab enchilada, shrimp and vegetable brochette and both scallop and shark fajitas.

Combo platters, which make up a whopping 31% of the Long Beach, Calif.-based chain's sales, include the new Combo Baja. It features a two-item choice of taco, tostada, cheese enchilada, chilies rellenos, beef tamales, flauta or beef taquito, and comes with rice and beans or sautéed vegetables.

RED ONION RESTAURANTS
$55.0MM

Red Onion has halted its menu-add-on binge of recent years. It scaled down entree selections and non-shellfish offerings to cut prep time and get dishes to the table more quickly. The swing is to more basic Mexican cuisine: tacos, burritos and enchiladas.

The fajita line now includes lobster and a combo featuring jumbo shrimp and steak or chicken.

The Carson, Calif.-based chain also is touting nutritional value with a vegetarian line of tostadas, burritos and tacos. A hot and spicy menu section, currently in test, includes Flame Thrower Nachos in a picante sauce. ***—B.M.D.***

ACAPULCO OFFERS SERVER INCENTIVES

Check averages at Acapulco Restaurants rose nearly 6.5% during the last quarter of 1990. Reason: "Service Supremo," a comprehensive retraining and incentive program for servers.

The promotion, an exercise in suggestive selling, encouraged the wait staff to memorize menu contents and prices. They learned more about individual entree preparation and presentation so that they could discuss the menu in detail with customers.

The program encouraged servers to promote certain entrees, rotated as weekly specials during a two-month period. Servers earned points for each special ordered by customers at their tables. Certificates of recognition and cash incentives were awarded weekly to the server with the most points in his or her restaurant.

At the end of the promotion, each store's top server entered a drawing for the contest's grand prize: a new car.

*R&I estimate

For information circle 135 →

400: SANDWICHES

CLASSIC CREATIONS ARE BEST SELLERS AT SANDWICH CHAINS

Roast beef, cold-cut compositions and subs keep sandwich sales healthy.

Despite a proliferation of variations on sandwich themes, best-selling sandwiches continue to be originals—the ones that made their makers famous in the first place.

At segment leader Arby's, for instance, roast beef sandwiches top the sales list, even though the chain added more chicken and specialty sandwiches in the past year. Subway's mainstay remains the B.M.T. (bigger, meatier, tastier) classic cold-cut submarine sandwich. Rax, whose menu manipulations have included a hot food bar and chicken sandwiches, still moves more roast beef than anything. And Schlotzsky's The Original still anchors that chain's sales. The sandwich is made with ham, salami, and spiced luncheon meat; three cheeses; and onion, tomato, olives, lettuce and garlic butter on Schlotzsky's signature bread.

Despite the success of these classics, sandwich chains keep trying new strategies. Some are trying to capture business in new dayparts: Subway and Schlotzsky's are using their bread ovens to produce breakfast treats. Others are offering value via smaller items: Blimpie is selling a half-size sandwich for 99 cents.

ARBY'S
$1,430.0MM

After two years in test, Arby's Grilled Chicken Sandwich is a go systemwide. Promotional versions include the Grilled Chicken Cheese Melt with the chain's signature Parmesan sauce, Grilled Chicken Club with cheese and bacon, and a barbecue chicken sandwich. Grilled Chicken Cordon Blue with a German-style mustard is in test as well.

"Our signature sauces, such as the Parmesan cheese sauce, honey mayonnaise and Italian dressing, are what set our sandwiches apart," says Will Fisher, vice president of research and development. Since the April '91 introduction of these sandwiches, sales have exceeded expectations, according to Fisher, but he declined to give figures.

Other new products for the 2,420-unit chain include Arby's Sub Shop, in test in eight markets. The shop offers a selection of Italian, meatball, turkey and roast beef submarine sandwiches on an Italian loaf, with prices ranging from $2.49 to $3.99. "Submarine sandwiches are a natural extension for us," says Fisher. "We have everything we need on premises already, and sales in the sub-sandwich category are on the rise. I think we're pricing them competitively."

Competitive pricing is key to Arby's new value deal, as well. The chain began offering Roast Beef Deluxe, Ham Deluxe and Turkey Deluxe sandwiches for 99 cents each in the spring and will extend the offer through summer.

The Atlanta-based chain also offers a well-known brand of diet salad dressing for its side, garden or roast chicken salads. And this

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Arby's new Roast Chicken Deluxe features chicken breast strips, lettuce, tomato and cholesterol-free mayonnaise.

SANDWICHES
$4.0 billion
3.7% of all
400 commercial sales

TOP TRENDS

- ▶ Value deals such as smaller sandwiches, discounted sides with sandwich purchase and combination meal deals
- ▶ Still more salads and light sandwiches made with turkey-based meats and lower-fat mayonnaise
- ▶ Expansion into airports, colleges, stadiums, military installations
- ▶ Joint ventures with complementary concepts, such as yogurt shops

COMING UP

- ▶ Arby's: Arby's Sub Shop, a line of submarine sandwiches sold within regular units
- ▶ Subway: a roast chicken submarine sandwich, pita sandwiches, breakfast baked goods
- ▶ Rax: a light line of sandwiches and salads
- ▶ Blimpie: more baked goods such as cookies, cinnamon rolls and muffins
- ▶ Schlotzsky's: an 8-inch all-day version of its 12-inch dinner-time pizza
- ▶ Jerry's Subs & Pizza: California White Pizza that has no tomato sauce

A complete ranking of the 400 by segment begins on page 21.

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Submarine sandwiches are hot sellers; grilled chicken is still strong.

summer, three sandwiches that have fewer than 300 calories and are 94% fat free (thanks in part to a light mayonnaise) are in test. Roast beef, roast chicken and turkey versions are available.

SUBWAY
$1,100.0MM

Of Subway's most recent menu additions, the Cold Cut Combo, made with turkey-based deli meats, and the Turkey & Bacon Deluxe are the biggest hits with customers. They account for about 15% and 10%, respectively of total systemwide sales.

A grilled chicken breast sandwich currently is in test in about 75 units, and initial response looks good, according to Richard Pilchen, vice president of marketing for the Milford, Conn.-based chain. On the light side, white pita bread and light mayonnaise are in test as well. "We tried a wheat pita some time back, but the product didn't hold up well," says Pilchen. "We thought that was it for pita, but our customers, especially those in the Northeast, keep asking for it, so we're giving it another go."

Subway now uses its bread ovens to produce baked goods such as muffins, Danish and croissants to pick up breakfast business in many units. Juice and coffee are offered as well. "Breakfast will never be a major part of our business," says Pilchen. "But by limiting the menu to easily baked goods, we can supplement sales."

RAX RESTAURANTS
$319.2MM

Rax's Super Saver Menu, which offers nine items in the 99-cent to $1.09 range, accounted for almost 40% of sales when it was in full swing early this year, according to company sources. Selections included 8-1 (eight patties to a pound of beef) sizes of the regular 5-1 size bacon cheeseburger, a roast beef Cheddar melt with sautéed onions, and a barbecue beef sandwich, as well as baked potatoes and cheese-topped nacho chips.

In April '91, the Columbus, Ohio-based company extended its line of sandwiches topped with signature Swiss cheese sauce. The Western Melt, with roast beef, barbecue sauce, Swiss cheese sauce and sautéed onions, sells for $1.99. The Beef, Bacon and Swiss sells for $2.25, and a baked potato with Swiss cheese sauce and bacon bits goes for $1.89. In late 1990, Rax added to its grilled chicken line a Grilled Chicken and Bacon Deluxe sandwich and a Mushroom and Swiss Grilled Chicken sandwich.

This year, Rax plans to add a light line of salads and sandwiches.

BLIMPIE
$117.0MM

Since it began baking bread on premises last year, Blimpie, New York, has the equipment it needs to expand its line of baked goods. "We're developing a chocolate chip cookie and cinnamon roll now, and are thinking about adding muffins to help pick up our morning business in those markets that do or would benefit from opening for breakfast," says Tony Conza, president.

Last year, the chain introduced two new hot sandwiches: a meatball sub and a steak and cheese. They sold well in the winter, but Conza expects demand for the hot products to slow a bit in the summer months. The Blimpie Lites line, a selection of five salads and five sandwiches on pita bread, has shown steady growth, accounting for just under 10% of total sales. Conza believes the more healthful selections show promise, so much so that all sandwiches will be available on pita bread this year.

SCHLOTZSKY'S
$57.0MM

Sales of Schlotzsky's 12-inch, dinner-time pizza have done well enough for the Austin, Texas-based sandwich chain to introduce an 8-inch version that will be available all day. The smaller pizza, with a choice of plain cheese, pepperoni or "the works" (onion, sausage, black olives), will sell for $1.49 to $1.79.

Schlotzsky's also is testing a 16-inch pizza in the Dallas and San Antonio markets. It sells for $5.89 to $7.89, depending on toppings. "We found that two people would come in and split a 12-inch," says Kelly Arnold, director of franchise development. "So we thought a 16-inch would help us keep our check averages up while still allowing customers to split an order."

The chain's Original sandwich on its signature bread continues to be its best seller, but a new grilled chicken breast sandwich served on the bread is expected to sell well, according to Arnold. The chicken sandwich will sell for $2.69.

To offer value, Schlotzsky's is giving patrons price breaks on side items rather than on main courses. The price of soup has been cut to 69 cents from $1.19 to $1.79; dinner salads, from $1.19 to 69 cents; and cookies, 29 cents to 10 cents, all with the purchase of a sandwich. The side-order values have increased check averages by 5%.

Franchisees have found

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SUBMARINES RISE TO THE OCCASION

Sub sandwiches are hot. They're surfacing on menus in colleges, hospitals, corporate feeding and the military. Most new food-court concepts for these institutions feature custom delis with a wide selection of classic sandwiches.

Even McDonald's, Burger King and Hardee's are testing submarine sandwiches. To Tony Conza, president of 409-unit Blimpie, that news is good. "The big guys are finally realizing that the submarine sandwich is a fresher, healthier and more mobile alternative to traditional fast food," he says.

But both Subway and Blimpie believe they have little to fear from burger chains that launch sub sandwiches as a sideline. "I don't think a McDonald's or Arby's can make as good a product as a chain that *only* specializes in submarine sandwiches," says Richard Pilchen, vice president of marketing at Subway. "In all, we're happy for the attention McDonald's will bring to our segment."

400: SANDWICHES

continued from page 124

Sandwich chains are opening shop in airports, arenas and institutions.

new ways to use the signature bread recipe. One operator created a Schlotzsky's muffin, served with cream cheese and butter; others are making croutons, which enhance the overall value of salads, according to Arnold.

JERRY'S SUBS & PIZZA
$43.5MM

Jerry's, Gaithersburg, Md., is best known for its cheese steak sandwiches. Last year, the R&D team created 10 variations on that key theme, all of which had been tested and retested for months. All are based on the signature steak, provolone cheese, mayonnaise, lettuce, tomato and pickle original.

Along came such variations as the Philly Double Cheese Steak, with American cheese added to the provolone; Double Cheese Steak Parmesan; the Bacon Double Cheese Steak; Bacon Double Cheddar; Bacon Double Swiss the Barbecue Bacon Double Cheese—one gets the idea. All sold well in test. The Philly Double Cheese Steak, the best seller of the lot, has been added to the menu permanently, according to Dana Siller, director of marketing. The sandwiches are priced at $3.99, but a dollar more buys a combo meal with fries and a soft drink.

The big news on the dinner-time best seller, pizza, is the introduction of California White Pizza—with a blend of mozzarella, ricotta and Romano cheese. White pizza has no tomato sauce, but relies instead on the cheeses, garlic and toppings of bacon and tomato or fajita chicken for its taste sensation. The pizza, which sells for $4.99 for a 15-inch pie, debuted in June.

MIAMI SUBS
$40.00MM**

Once QSR, Inc., this Fort Lauderdale-based operator of Miami Subs and Mr. Submarine officially has changed its name to Miami Subs and is aggressively taking the name national; it plans to open 103 units in '91. The 17 Mr. Submarines it runs have been converted to Miami Subs, as have the free-standing Taco Viva units (those Taco Vivas located in strip malls were sold off in 1990).

The concept lies somewhere between a T.G.I. Friday's and a fast-food operation, with checks averaging about $5.62, according to a company spokewoman. "We're upscale in terms of the food and decor, but customers order food from the counter and then sit," she says. Customer favorites include cheese steaks, gyros on pita, flame-broiled chicken on pita, and a club sub with turkey, ham, bacon, tomato, onions, lettuce, mayonnaise and a proprietary sauce served on a hero roll. The menu line, however, is not limited to subs and sandwiches. Burgers, chicken wings, salads, frozen yogurt, deli salads and broiled chicken selections are included. "All of our food is fresh, nothing is frozen, and it's all prepared to order," says the spokeswoman.

—Beth Lorenzini

**Company estimate

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400: SEAFOOD

SEAFOOD CHAINS HOOK REPEAT BUSINESS WITH VALUE, VARIETY

Good seafood buys help chains stage price-oriented promotions.

Now that the leading seafood chains have adapted their menus to meet customer demand for healthful entrees, they are building loyalty by offering value and variety.

Operators such as Red Lobster and Rusty Pelican are enticing customers with lobster and crab promotions that run when quality products become available at attractive price points.

Coupons remain effective traffic-building tools, but chains also embellish meals with extras to increase value perception. Former a la carte items such as Caesar salad, soup and bread now come with the price of an entree, and often are served all-you-can-eat style.

RED LOBSTER
$1,600.0MM*

The segment leader enhanced the value of its meal package in March by introducing all-you-can-eat hot cheese garlic bread and Caesar salad. Servers deliver the bread to the table in hot serving pans. The Caesar salad in particular has been a big hit with customers, and drives home value, says company spokesman Dick Monroe.

The menu, revised earlier this year, includes eight new combination meal platters. The popular "Ultimate Feast" meal package, for instance, includes a rock lobster tail, a half-pound of snow crab legs, fried shrimp and broiled shrimp scampi.

Red Lobster now puts a fresh market sheet, once listed on a blackboard at the front of the restaurant, in the menu itself. The sheet highlights selections of the day and separates the entrees by cooking styles—blackened, broiled, fried, sautéed and baked.

To compete with fast-food value menus at midday, Red Lobster offers a $3.99 lunch special. For instance, the shrimp and scampi special comes with soup, salad, starch, vegetable and bread.

The Orlando, Fla.-based chain also emphasized value in its king crab promo, which ran last fall. The chain negotiated a "great price" on crab caught in Russian waters by Alaskan fishermen, says Monroe, and was able to offer a lower price to customers. A king crab, fried shrimp and shrimp scampi trio sold for $11.99. One pound of king

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Red Lobster adds value with hot cheese garlic bread.

TUESDAY 3 5 91
LUNCH
FRESH ATLANTIC SWORDFISH
FRESH ATLANTIC COD
FRESH RAINBOW TROUT

*R&I estimate

SEAFOOD
$3.3 billion
3.1% of all
400 commercial sales

TOP TRENDS

- **Fast-food chains add value by promoting meal packages. At full-service seafood chains, brunch specials and "extras" such as hot bread and all-you-can-eat salads add value to the menu.**
- **Fried food still sells the best, despite heavy emphasis on healthful cooking techniques such as broiling and baking.**
- **Seafood consumption remains steady—15.5 pounds per capita, down 0.1 pound from 1989, according to the National Fisheries Institute.**
- **Southwestern- and Caribbean-style seafood recipes offer variety and match current taste trends.**

A complete ranking of the 400 by segment begins on page 21.

400: SEAFOOD

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Captain D's new broiled fish, seafood and chicken account for 17% of sales.

crab was offered for $14.99. Or customers could buy 1½ pounds of king crab for $19.99.

LONG JOHN SILVER'S SEAFOOD SHOPPES
$781.6MM**

Long John Silver's introduced a major line of baked menu items in 1990 with the intention of making it the fabric of its business. Baked fish is available with light paprika- or lemon-seasoned breadcrumb coating. Baked chicken, too, appears in salads and sandwiches or alone as an entree. The baked line accounted for 10% of the Lexington, Ky.-based chain's business as of May.

To improve its nutritional profile, LJS now offers 2% milk instead of whole milk and a national brand of low-fat and low-calorie salad dressings and sugar substitutes.

Batter-fried shrimp still accounts for 50% of sales.

CAPTAIN D'S
$412.1MM

To increase guest counts, Nashville, Tenn.-based Captain D's has introduced lower-priced lunches and dinners.

A Southern-style fish dinner for $2.99 features fish with a salt-and-pepper cracker-meal breading and comes with french fries, coleslaw and hush puppies. The dinner now accounts for 10% to 14% of sales. A popular five-piece shrimp dinner is priced at $1.99.

In February, Captain D's rolled out its "Captain's Grille," also aimed at broadening appeal. Broiled items include orange roughy, chicken and shrimp priced from $3.99 to $4.99. Served on a bed of rice, these dinners include salad, breadstick and choice of vegetable. The broiled items already account for 17% of sales. The chain is testing blackened chicken, redfish, tuna and grouper.

SKIPPER'S
$101.2MM

Skipper's, now owned by Pizza Hut franchisee National Pizza, is testing baked fish entrees. It also plans to boost check averages by offering individually priced appetizers.

The Bellevue, Wash.-based chain expects its ongoing remodeling program to increase customer counts 15% to 20%. Skipper's projects that the addition of drive-thru windows will increase carryout business to 40% to 50% from 18% of sales.

L&N SEAFOOD GRILL
$78.8MM

Mesquite-grilled fish still is the mainstay of this Mobile, Ala.-based chain. Culinary Director Alan Lamoureux has been testing lighter items, such as dinner salads topped with grilled fish, to improve menu variety.

New to the menu are a marinated lemon-herb chicken breast, herbed salmon fettuccine and barbecued shrimp items.

During the spring, a successful lobster promotion featured six menu items. As an appetizer, a lobster puff (won ton filled with cream cheese, lobster and celery served with apricot strawberry sauce) sold for $3.95. Lobster bisque was offered for $2.25 a cup and $3.25 a bowl. Entrees included lobster and shrimp Newburg for $8.95; chilled curried lobster, fruit salad and muffin for $8.95; and grilled sea bass with champagne lobster sauce for $11.95.

RUSTY PELICAN RESTAURANTS
$76.3MM

When quality products become available at attractive price points, Rusty Pelican, San Juan Capistrano, Calif., takes advantage of them and offers such promotions as its Lobster Revolution.

On Tuesday, Wednesday and Thursday nights from May 1 through July 4, the 32-unit chain offered a 1⅛-pound whole Maine lobster dinner for $12.99. For $3 more, guests could add a 7-ounce sirloin steak. Two lobsters were offered for $19.99.

To build dinner business between 4:30 and 6:30, Rusty Pelican now serves a Sunset Dinner, featuring a choice of eight to 10 beef, chicken, finfish and shellfish entrees, priced from $8.95 to $9.95. To increase check averages during the Sunset Dinner, the chain offers specially priced appetizers, such as a shrimp cocktail for $1.95. A direct-mail piece promoting the dinner has helped increase early-evening traffic counts by as much as 50%, says Vice President of Marketing Mike Morehead.

LEGAL SEA FOODS
$52.0MM

The Berkowitz family, owner of Legal Sea Foods, is trying to hold the line on menu prices and increase check averages through suggestive selling.

To add value, the chain is serving clam chowder and salad, previously al a carte items, as part of the meal package.

The Allston, Mass.-based chain is using underutilized Jonah crab, which is found 1,000 feet down on the Continental Shelf. It is similar to stone crab, but the shell is not as thick. Its main benefit is year-round availability. Legal Sea Foods serves Jonah crab chilled, cracked and in casseroles.

—*Jeff Weinstein*

VALUE STRATEGIES

Rusty Pelican is promoting low-priced lunches served in the lounge area. Priced from $3.95 to $5.95, the deli sandwiches, clam chowder, pasta and luncheon salads are guaranteed ready in seven minutes. Since lounge service began, units are doing 25% to 30% more lunch business.

To increase value perception, **Long John Silver's** offers an additional piece of fish or chicken to any meal for 69 cents. Also, a two-piece fish dinner with french fries is selling for $1.99.

To bolster sales, especially in shopping malls, **Arthur Treacher's** is rolling out a children's meal this summer. A choice of fish, chicken or Krunch Pup (similar to a corn dog) and chips, a hush puppy, and a small drink are served in a cardboard classic convertible car for $2.69.

To improve the visibility of its takeout program, **L&N Seafood Grill** operators pack Southern biscuits in a bakery box and deliver them free of charge to five or six local businesses daily.

**Company estimate

C-STORES/ RETAIL

$2.2 billion

2.0% of all 400 commercial sales

TOP TRENDS

- **Convenience stores: Offering more fresh fruit and other convenient, healthful snacks such as carrot and celery sticks**
- **Discount stores: Swinging away from cafeteria-style steam tables to "express" grill units**
- **Department stores: Converting to smaller sit-down units serving lighter fare**
- **Variety stores: Serving more hot meals such as turkey and meatloaf dinners**

BEST SELLERS

- **Grilled chicken**
- **Hamburgers, hot dogs**
- **Frozen yogurt**

BEST PROMOS

- **Target's Kids for Saving the Earth Fun Meal promo sold 500,000 meals from September to January**
- **Casey's General Store's Buy One, Get One Free pizza**

A complete ranking of the 400 by segment begins on page 21.

LIGHT MENUS HELP RETAILERS WEATHER OUTSIDE COMPETITION

Salads and breakfasts lure discount- and convenience-store customers.

Retail Goliaths are sparking customer curiosity with light and healthful menus. For instance, Nordstrom's hottest sandwich, a triple-decker Canadian Club (made with Canadian bacon) has been the best seller at all of the chain's 41 cafes since it debuted early last year.

The upscale, service-oriented chain also features Cobb, sesame and Oriental chicken salads. Grilled chicken pockets with chutney and vegetarian pizzas and sandwiches are among future additions.

Discount stores such as Target are swinging to food courts featuring grilled, bakery, pizza, Mexican and other offerings. K mart is developing whole-grain breads and buns, hand-dipped yogurt, and low-calorie, fat-free ice cream.

7-ELEVEN
$731.7MM

Dallas-based 7-Eleven is concentrating on upgrading its image among health-conscious consumers. Fresh fruit is a big seller, and 7-Eleven is looking for more ready-to-eat snacks such as carrot and celery sticks, and chocolate-flavored diet shakes.

The chain is rolling out Fresh To Go chef, garden and chicken salads this summer. It is also testing new deli packaging, designed to perk up value perception.

The chain, which emerged in March from Chapter 11, also has added pizza.

K MART
$326.0MM

Troy, Mich.-based K mart is converting its stores' steam-table cafeterias to Eatery Express, a 50- to 60-seat grill operation located near the stores' entrance. So far, it has completed 150 units.

Last year, the chain added hand-dipped frozen yogurt. Plans for this year include a grilled chicken sandwich on a whole-grain bun, and fat-free ice cream.

The 1,800-store company, which has been testing Little Caesars units in eight stores since last year, will put the concept in 400 stores by year-end.

CASEY'S GENERAL STORE
$46.5MM**

Although pizza is 50% of sales at Des Moines, Iowa-based Casey's General Store, the chain is focusing on expanding its sandwich line. Its most recent addition is a pork tenderloin sandwich. Breakfast sandwiches with egg and ham or sausage were introduced in May.

The chain is testing a breakfast pizza, as well as chicken- and tuna-salad sandwiches. *—B.M.D.*

Retail foodservice outlets are offering more convenient, ready-to-eat menu items.

**company estimate

400: CAFETERIAS

CAFETERIAS

$1.8 billion

1.7% of all
400 commercial sales

TOP TRENDS

- Takeout menus and separate takeout windows—successful for some, not for others
- Casual-dining concepts to supplement cafeterias
- A scaled-down grill menu at the casual outlets
- Design upgrades at older outlets
- Frequent-diner discounts

COMING UP

- Old Country Buffet: a stepped-up advertising campaign
- Morrison's: More catering
- Furr's: Opening more casual-dining outlets
- King's Table: a larger catering and banquet business

BEST SELLERS

- Grilled and fried chicken
- Broiled fish, seafood
- Roast beef, chopped steak

NEW CONCEPTS

- Wyatt Cafeterias: converted less-profitable units into Blue Ribbon Buffet
- Piccadilly: started Classic American Dinner series
- Furr's: opened Zoo-Kini's, a contemporary buffet

A complete ranking of the 400 by segment begins on page 21.

CHAINS BUCK TRADITION, BRANCH INTO CASUAL DINING

Takeout items and frequent-diner discounts keep patrons coming back.

With other segments targeting the value-minded consumer, cafeterias—long the marketers of traditional food at low cost—got more competition than they bargained for last year.

Takeout shops, design upgrades and frequent-customer discounts are just a few of the changes that cafeterias are making to keep their patrons coming back. In addition, chains are branching out and opening more casual modern-dining concepts.

Several cafeteria chains also are looking toward catering for additional sales.

MORRISON'S FAMILY DINING
$397.0MM

Although parent company Morrison Inc. is putting more energy into its casual-dining concepts, such as Ruby Tuesday, Morrison's Family Dining saw an increase of nearly 8% in sales last year and continues to lead the cafeteria segment.

The biggest change for the Mobile, Ala.-based company in 1990 was an organizational one. Morrison divided its family division into two large regions—Southern and Northern—increasing the number of units each district manager supervises.

Menus at the cafeterias saw minor adjustments; for example, new entree salads, more fruit in the salad bar and new seafood items. To its main lineup of prepared-from-scratch traditional food, Morrison's added combination meals for a fixed price in 1990 and set up takeout shops in many locations.

The company has raised prices slightly to offset minimum-wage hikes and higher food costs. Other profit-gaining moves include trying to get tour buses to stop at Morrison's and increasing catering efforts.

LUBY'S CAFETERIAS
$320.0MM

Luby's continues to tear up the South, growing at an an-

continued on page 144

Luby's serves a wide variety of cafeteria buffet items, some of which are pictured here.

400: CAFETERIAS

continued from page 138

Cafeterias are going for a flashier, more contemporary interior design.

nual rate of 10% in the last eight years and adding 14 new locations this year. Called by *Forbes* magazine "one of the 200 Best Small Companies in America," the San Antonio-based company plans further growth in the coming year.

Luby's expanded its food-to-go business in 1990 by installing separate takeout entrances in half its units. One of the few major cafeteria chains that hasn't strayed from its segment to open casual-dining concepts, Luby's appears content with its cafeteria concept for now.

The company increased menu prices twice over the past year, but says it also improved food quality. Luby's offers salads, vegetables, hot entrees and desserts.

FURR'S/BISHOP'S CAFETERIAS
$282.9MM

Lubbock, Texas-based Furr's had a busy year developing its specialty-concept restaurants. The opening of the first Zoo-Kini's, a contemporary buffet, gave Furr's an interesting twist for first-quarter 1991.

Zoo-Kini's, marketed with an emphasis on nutrition, doesn't allow smoking and uses only biodegradable and recyclable products. Ken Turner, advertising and marketing director, says the concept, which serves soups, salads and grilled items, is doing remarkably well. The company also has opened its first Tijuana Surfside outlet, a casual concept with a limited menu stressing alcohol sales.

Furr's also implemented an all-you-can-eat menu in 1990, built drive-thrus in two units and finished setting up a credit card payment system. In addition, the company has begun a frequent-diner program, with bonus pack certificates for future meals and coupons for specially priced items.

PICCADILLY CAFETERIAS
$280.0MM**

Baton Rouge, La.-based Piccadilly recently introduced its Classic American Dinner series with 10 to 12 featured entrees daily. The company is offering the series in response to research that shows customers' desire for a complete dinner at a set price. The meals include an entree, salad, two vegetables, beverage, bread and dessert.

WYATT CAFETERIAS
$194.0MM

Two new restaurant concepts made 1990 a big year for Dallas-based Wyatt. The first was the conversion of less-profitable units to Blue Ribbon Buffets, a buffet-style cafeteria with no service help. The menu items remain almost exactly the same, according to Kenneth Nutt, operations director.

The company also opened the first mini-Wyatt's, a 4,000-square-foot, 150-seat cafeteria with a scaled-down menu. Nutt says Wyatt plans to introduce these in small towns across Texas with populations between 20,000 and 25,000.

KING'S TABLE BUFFETS
$85.0MM

On March 5, Bellevue, Wash.-based King's Table was purchased from Horn & Hardart by Heller Financial Corp. Heller plans to upgrade the business, and resell the company in a few years.

Most units are receiving a minor remodel, but the general format is not changing much. King's Table tested takeout last year, but it was not successful, executives say.

King's Table is reorganizing its catering and banquet business, which accounts for about 2% of sales. The new owners are providing corporate support to help units start up catering and banquet departments.

MCL CAFETERIAS
$46.8MM*

Indianapolis-based MCL, keeping in mind its advertising tagline, "Good Common Sense Nutrition," expanded its takeout menu to include healthful products last year. Vice President of Marketing Mark Lawrence says the revised takeout menu features new items in each meal category as well as a more contemporary graphics display.

In 1990 MCL added a Cobb salad, several fruit salads and an Italian salad to its buffet menu. Other new items included Brussels sprouts and oven-baked chicken. The chain also improved its fried chicken recipe and took the sauce off its meatloaf entrees, giving the customer the option of ordering.

ROYAL FORK BUFFET RESTAURANTS—
$32.0MM

Boise, Idaho-based Royal Fork is in the process of incorporating a takeout menu at all its units. It already provides containers for takeout and brochures to let customers know about the new concept. The company also advertises with local businesses.

Royal Fork focused on cost-efficiency in 1990, distributing to its operators a list of 1,500 ways to save money in restaurant operations. Cutting back on out-of-store promotions, sponsoring community athletic programs and checking garbage for possible recyclables are just a few of the ideas.

—N.P.

BEYOND BUFFETS

Cafeterias are packaging and marketing their offerings in new and combined ways. Some chains choose to highlight this trend and some don't, but most find it useful as value menus become more important to customers. A few examples follow.

Morrison's began selling combination meals at a fixed price in 1990 and set up takeout shops in many locations.

Furr's debuted an all-you-can-eat menu in its restaurants in 1990 and has opened a new buffet concept, Zoo-Kini's, which permits no smoking, emphasizes nutrition and uses only biodegradable/recyclable products.

Luby's buffet offers complete dinners. Last year the chain remodeled about half its units to include separate entrances for takeout.

Wyatt's converted some less-profitable units to Blue Ribbon Buffets, a buffet-style cafeteria with no service help.

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*R&I estimate; **company estimate

400: LODGING

HOTELS PUT FOODSERVICE SPOTLIGHT ON LOCAL CUISINES

Regional tastes, healthful preparation and *sous-vide* drive lodging trends.

Many hotel food and beverage operators struck a chord last year with guests and local residents alike by tailoring their main restaurant to regional tastes.

Omni Hotels took this approach in two of its hotels. The Louis Charleston Grill in the Omni Hotel Charleston Place, Charleston, S.C., blends the historic influences that Britain, France, the West Indies and Africa have had on local food tastes. In Philadelphia, Azalea chefs purchase many ingredients from small farms just outside the city and combine them in such dishes as Pennsylvania Dutch chicken corn soup, Eastern Shore crab cakes with 10-vegetable slaw, and rabbit pot pie with garden vegetables and buttermilk-Cheddar biscuits.

Holiday Inn Worldwide, Atlanta, introduced two new concepts, a steakhouse/grill and a seafood restaurant, and both are adaptable to the culinary climate around the hotel. Each concept has a core menu, but certain menu items vary from market to market according to local tastes, says Martin O'Dowd, director of F&B services, the Americas.

Noting the nationwide consumer trend for more healthful food, corporate F&B executives at Doral Hotels & Resorts have included spa cuisine in all of the chain's New York hotel restaurants. Radisson Hotels is working with the Culinary Institute of America, Hyde Park, N.Y., on reformulating its recipes for better nutrition.

The Marble Works in the Hyatt at Fisherman's Wharf offers Italian seafood and pasta.

Banquet and catering operations mirror the nutritional trend. Many new items, including some vegetarian recipes, provide meeting planners with variety.

After much testing, many companies are rolling out products prepared in the *sous-vide* method: Food is vacuum packed and cooked, then frozen or chilled, and finally heated and finished in a hot-water bath. Chefs in six Omni hotels use *sous-vide* foods on their 24-hour room-service menus; late-night customers choose from more elaborate foods than ever before.

MARRIOTT LODGING DIVISION
$1363.4MM*

Lunch-time customers combine grazing and a concern for healthful dining, according to Bill Hulbert, vice president of hotel F&B for the Washington-based company. Because these diners tend to order an assortment of appetizers and side orders, Marriott is adding more of both to restaurant menus.

Salads are more popular than ever, he says. To add variety and keep customers excited about eating salads, the pressure is on to find more sophisticated ingredient mixtures and presentations. "We're doing more combinations of salads with poultry and seafood," he says. "Grilled items are big, as are more complex greens," he adds, referring to more than the standard head lettuce salad foundation.

Despite these bows to healthful dining, Hulbert says fried shrimp, calamari, potato skins and french fries are as popular as ever.

Marriott serves *sous-vide* items in about 25% of its hotels, says Hulbert. The menus in each of these hotels generally offer two or three different *sous-vide*

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*R&I estimate

Doral's Saturnia Restaurant stresses low-calorie, low-fat fare, such as sweet corn, clam and mussel soup.

items. The company offers many more, and the lineup expands as Marriott's supplier is able to convert existing recipes to this new technology. The most common vacuum-sealed-and-cooked products throughout the company's hotels include salmon in dill sauce, marinated chicken, rack of lamb, London broil and swordfish.

HYATT HOTELS
$912.8MM*

The "less is more" philosophy is close to the heart of Robert Dallain, new vice president of F&B at the Chicago-based hotel chain. Dallain is re-evaluating portion sizes of menu items. Rather than providing more food than the customer actually wants, he is looking to eliminate waste. "For instance, where we might be putting 4 ounces of meat on a sandwich, we might scale it down to 3 ounces," he says.

One of the company's latest concepts is the Marble Works in the Hyatt a Fisherman's Wharf, San Francisco. The 124-seat restaurant features Italian seafood and pasta dishes.

As a prelude to next summer's Olympics in Barcelona, Spain, Hyatt will promote Spanish food and wine this fall. An expanded version of the promotion will take place next year as a more timely tie-in.

HOLIDAY INN WORLDWIDE
$869.0MM*

Despite all the talk light cuisine is getting, T-bone steaks remain the best selling menu item throughout the Atlanta-based chain, according to O'Dowd. "Lighter fare does much better in our big-city properties, but in our secondary city hotels, beef is still in big demand," he says.

On the beverage side of F&B, so far this year, banquet wine sales are up by 10% to 12% over last year, says O'Dowd. Two factors contribute to the upswing, he says: One is that banquet organizers are becoming less intimidated by liability scare tactics from anti-drunk-driving groups. The other is that people are taking more responsibility for their own actions—many feel a glass or two of wine with dinner is perfectly acceptable.

RADISSON HOTELS
$380.0MM

Radisson's dietary program with the Culinary Institute of America rolls out chainwide this summer. The program weaves health and nutrition into all of Radisson's three-meal and specialty restaurants; franchisees now can take advantage of the results, says Don Clawson, vice president of F&B.

The program reduces cholesterol and sodium in recipes and increases levels of proteins and minerals. Customers eating food prepared with the new recipes will take in only between 850 and 1,000 calories for the entire meal, says Clawson. "We're modifying our recipes from A to Z, from appetizers to desserts" he says.

A software package accompanying the new recipes allows chefs to print out a 19-point breakdown that includes content levels of sodium, three types of fats, cholesterol and various minerals and proteins. "Our studies show that 60% of our customers want to eat more healthfully, but don't know how to do it. Our new system shows them how," says Clawson.

Chefs at the Minneapolis-based chain's 30 managed properties already have been trained in the program.

After three years of product development, two California properties have rolled out full *sous-vide* menus. Approximately 85% of the menu is prepared from vacuum-bagged-and-cooked products; much of the remaining 15% is lettuce and other garnishes, says Clawson. "We've found that the benefits of *sous-vide* don't really pan out unless at least 65% of the menu is prepared this way," he says. In these two properties, *sous-vide* has helped cut food costs by 2% and labor costs by 3.5%, Clawson says.

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LODGING
$12.4 billion

11.5% of all
400 commercial sales

TOP TRENDS
- ▶ Increased focus on local cuisines
- ▶ Accenting healthful and nutritious ingredients and preparation techniques
- ▶ Increasing sophistication of salads, both in ingredients and presentation
- ▶ Rolling out *sous-vide* menu items
- ▶ Boosting takeout sales with innovative approaches

COMING UP:
- ▶ More local meal deliveries, especially office lunches

BEST SELLERS
- ▶ Holiday Inn Worldwide: T-bone steak
- ▶ Radisson Hotels: Beef and seafood
- ▶ Red Lion: Steaks and prime rib
- ▶ Omni Hotels: Chicken, fish and salad entrees

A complete ranking of the 400 by segment begins on page 21.

400: LODGING

continued from page 147

Sous-vide foods on room service menus allow full meals at all hours.

RED LION
$146.0MM
In step with the current trend of casualization, the Vancouver, Wash.-based chain recently opened Brickstones restaurant in one of its Portland, Ore., properties.

Brickstones is more casual than either Maxi's or Misty's, the chain's two upscale concepts. The all-day menu features such items as blackened chicken breast and grilled lamb salads, flame-broiled prawns, and mesquite-roasted chicken.

While most Red Lion hotels offer a lounge separate from the dining room, Brickstones combines the two; a display kitchen adds to the excitement. Future development of more Brickstones depends on results from market research studies currently under way.

Chainwide, the four most popular dinner menu items, except at Brickstones, are Steak Diane, shrimp scampi, Caesar salad and spinach salad with hot bacon dressing. All are prepared tableside.

OMNI HOTELS
$119.2MM
"Unused space made profitable" is adding to several Omni Hotels' F&B revenues by boosting takeout sales, says Peter Hothorn, senior vice president of F&B for the Hampton, N.H.-based company.

For example, management of the Omni Shoreham in Washington converted a coatroom in a high-traffic lobby area last year to a small takeout area called Little Something. At first, Little Something employees sold only such breakfast items as coffee and Danish, but when management took down a wall and converted another adjacent, unused room, the menu expanded to include packaged cold lunch and dinner items. These include salads, pastas and sandwiches. Little Something now generates $1,300 to $1,500 a day in sales.

Going takeout one better, the Omni Netherland Plaza in Cincinnati offers Omni Edibles, which delivers lunches to office buildings within a five-block radius. Customers, whether single diners or groups, choose selections from the restaurant's menu, then fax or phone in their orders. For large meetings planned in advance, Omni Edibles employees set up a complete on-site luncheon. The program generates approximately $200,000 a year, says Hothorn.

FAIRMONT HOTELS
$66.3MM
Because sales were slumping at the Squire Restaurant in the San Francisco-based chain's flagship hotel, Corporate F&B Director Ernesto Brandner studied other area hotels for a niche to fill. Brandner finally decided on a seafood menu to replace one that featured California cuisine with a French accent. Brandner's homework has paid off—sales are up 30% over last year.

The Squire's menu divides its fish entrees by regions: for instance, broiled tuna or abalone sautéed with almonds from the Pacific; broiled salmon with champagne sabayon from the Atlantic; and crawfish étouffé or red snapper with tomato salsa and basil from the Gulf of Mexico.

Sunday brunch business at the New Orleans property has increased by 25% since the addition of omelet, carving and seafood service stations in the dining room. No extra labor was needed, since all of these functions would have been taken care of in the kitchen, says Brandner. "We just brought the show out into the dining room," he says.

DORAL HOTELS & RESORTS
$45.0MM
When the New York-based company opened the Doral Saturnia International Spa Resort in Miami three years ago, it introduced a complete line of healthful menu items—low in fat, high in carbohydrates and with monitored levels of proteins, calories and sodium. When many of the resort's guests expressed their desire for similar food offerings back home in other restaurants, management changed the restaurant in New York's Doral Park Avenue Hotel from a casual bistro to the upscale Saturnia Restaurant.

An entire meal at Saturnia, from appetizer to dessert, has less than 750 calories and 20 grams of fat, says Mark Shuda, vice president of F&B. Appetizers include a "beggar's purse" of chicken, bean sprouts and bell peppers with a mustard chive sauce, and Maine lobster consommé with garden root vegetables. The entree menu features grilled medallions of lamb with tomatoed white beans and roasted garlic sauce, and seared paillard of veal with ratatouille and Roquefort sauce. Saturnia Restaurant's most popular entree is shelled Maine lobster sautéed with tomato, basil and garlic, served with whole-wheat fettuccine and grated Parmesan cheese.

A number of Saturnia Restaurant offerings appear on the restaurant menus in Doral's other three New York properties.

—***Rob Townsend***

BETTER BANQUETS

Banquet guests at **Doral Hotels & Resorts** have a luxury not often found in large foodservice settings: choice. Rather than getting one more plate of whatever everyone else is having, Doral banquet diners, in groups of up to [illegible]0, have a choice upon seating of three different items. Mark Shuda, vice president of F&B, says that it is not difficult to provide this type of last-minute variety for groups of this size. "And by setting one price for all three items, we make more money on the lower-cost item in the bunch, while covering our costs on the most expensive one," he says.

Banquet food at **Fairmont Hotels** is prepared and plated to provide guests with the same taste and eye appeal as similar meals from the chain's restaurants, says Ernesto Brandner, corporate F&B director. "We enhance our banquet meals with seasonal vegetables and sauces, providing not only good taste, but the right balance of color and contrast between items on the plate."

NEW CONCEPTS PROVE THAT PERSONAL SERVICE SELLS

Made to order, wrapped to go or delivered—clients want it their way.

Almost without exception, the latest in-house contract management concepts emphasize the personalized, convenient service aspect today's institutional customer have come to expect from *commercial* operations. These include everything from exhibition cookery, made-to-order sandwiches and deskside delivery to mobile carts, in-house bakeshops with takeout offerings, and convenience stores that sell food and sundries.

Flexibility and choice are the buzzwords in contract management. No two clients are alike, say contractors, and whether the client views foodservice as an inconvenient expense or a beneficial perk, contractors will deliver a program to suit specific needs. Licensing agreements with national chains have worked even better than expected to keep clients in house during meal periods, and more linkups will come.

Contractors are finding that organization by line of business rather than by region tells the client that the contractor is committed to the segment, such as education or B&I, and thus the client's individual needs. For instance, both Marriott Management Services and Service America reorganized along lines of business—this move helped the companies "right size" as well as provide better service to clients.

ARA SERVICES
$2,700.0MM
ARA's in-house Allegro pasta concept and Leghorn's chicken line debuted last year, and while both are doing well in sales, the Allegro line is showing exceptional promise, according to Tita Cherrier, public relations specialist. "The Allegro line is catching on as fast as our best-selling Itza Pizza concept did when it was launched," she says. This year, the Philadelphia-based company plans to introduce a wok cooking concept, called the Wokery.

ARA has begun preparing for the 1992 Summer Olympics in Barcelona, Spain. It marks the company's eighth appearance as the games' official foodservice manager. This time, the company will manage foodservice for about 15,000 athletes as well as oversee 300 foodservice outlets for the 4 million spectators expected to attend.

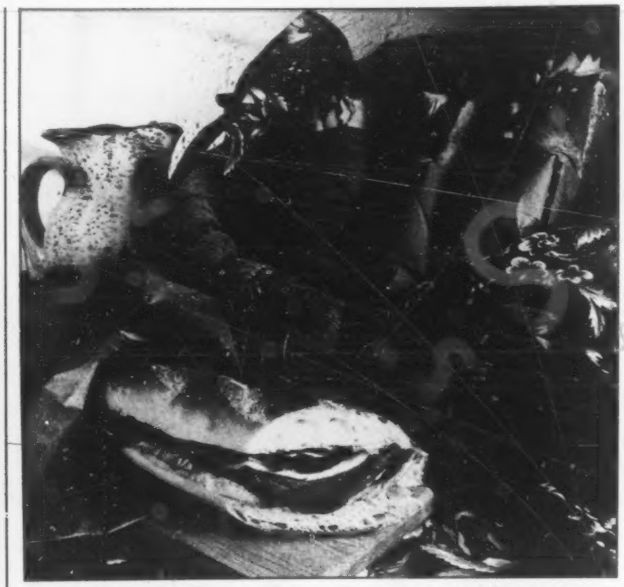
MARRIOTT MANAGEMENT SERVICES
$2,700.0MM
By appointing five presidents to oversee the five major lines of business (health care, B&I, education, schools and facilities management), Marriott, Washington, hopes to improve service and communication. "We realize that the health-care industry faces different issues and operational policies than the college market, for example," says Chuck O'Dell, executive vice president and general manager. "Each of our presidents will have the opportunity to immerse themselves and their teams in their specific segment, to truly learn the needs, concerns and preferences of each segment's customers."

And since customer preferences differ, Marriott, like its competitors, knows that success lies in letting them make choices. In addition to its own in-house concepts, tie-ins with such national brands as Pizza Hut, Nathan's Famous Hot Dogs, Dunkin' Donuts and Mrs. Fields are increasing—Marriott will add yet-to-be-named yogurt chain to the lineup this summer.

In-house branding has taken on a regional aspect—new offerings include Tacoria, which offers Southwestern fare, and Pacific Northwest specialties. Slated for rollout this year: Pasta Pronto, a display cooking

RestauraMart, one of Restaura's three newest concepts, offers prepared foods, such as roast chicken and sandwiches, in a c-store setting.

Coca
DUNKIN' DONUTS
DUNKIN'
DUNKIN DONU



The Wood Company is expanding its Stack's Deli line with panini, Italian cold-cut sandwiches on baguettes.

concept; Mongolian Fire Pot, a Chinese stir-fry; and gourmet salad bars.

CANTEEN
$1,370.0MM

Canteen continues to update its Saturn II line of in-house brands. New this year are display cooking stations for custom stir-fry and pasta preparation, a sandwich concept with upscale and "down-home" lines, and a phase-in of more fresh foods and phase-out of convenience products. The Spartanburg, S.C.-based contractor is testing a proprietary chicken product and three signature fish entrees.

Licensing agreements with Pizza Hut and Taco Bell continue, and Canteen is considering additional links with Subway, Hardee's and Long John Silver's. Of the in-house brands, Pazzelli's Pizza and Classic Cookies are far and away the most popular, according to Carl Anderson, national director of sales and marketing.

"I think that traditional cafeteria-style service is on its way out," says Anderson. "Most of our customers are asking for the food-court approach to foodservice." Canteen considers health care, corrections and education the segments of growth in terms of new business for foodservice.

Canteen also is developing a new national sales department to serve clients who run facilities around the country.

SERVICE AMERICA
$1,100.0MM

While many of the large contract management companies are joining the branding trend with national chains, Service America is branding with products from major manufacturers, most often those that lead in market share for their product. Special Programs in Culinary Entertainment (S.P.I.C.E.) involves 12-month promotions built around name-brand products that customers recognize as quality products.

The program is two years old, but it continues to exceed Service America's expectations in terms of sales, according to Tighe Merkert, vice president of marketing for the Stamford, Conn.-based contractor. "Accounts that market the S.P.I.C.E. program well see at least a 10% increase in sales," he says.

Name-brand manufacturer products are the key to a new refrigerated-vending program as well. Deals have been made with well-known manufacturers of such items as burgers, sausage patties, grilled chicken and chicken wings to market their products through cold-vending machines. Customers can buy and microwave the products on site. "A lot of companies in our industry have not done well with refrigerated vending," says Merkert. "We think brand-name products are the key, and our initial tests in 50 accounts have seen outstanding results."

Service America is rolling out its first in-house branded concept, Pizzamoré (a registered trademark) in recreation, B&I and college accounts. The pizzas come in 7- and 16-inch sizes, in plain, pepperoni and supreme (onions, sausage, pepperoni, green pepper). One Kansas City, Mo., recreation account saw a 500% increase in pizza sales when the Pizzamoré product replaced a convenience pizza product the operation had been selling. Twelve more variations will be rolled out within the next year.

The company plans more in-house branded concepts, but it declines to give details.

MORRISON'S CUSTOM MANAGEMENT
$602.0MM

Morrison's is going full force after catering business in Los Angeles. Following the success of its City Events catering center, which also supplies lunches to corporations that don't have foodservice facilities, the Mobile, Ala.-based company purchased Parties Plus, one of the premier catering firms

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CONTRACTORS
$12.2 billion

9.1% of all
400 sales

TOP TRENDS

- ▶ Overseeing accounts by line of business (health care, education, B&I, etc.) rather than geographic region
- ▶ Licensing agreements with national chains and national brands of consumer goods
- ▶ Exhibition cooking
- ▶ Convenience stores
- ▶ Mobile food carts
- ▶ Formal promotions-planning programs
- ▶ More use of fresh product, less use of convenience products
- ▶ Nutritional dining and fitness programs

BEST PROMOTIONS

- ▶ Sale of pies, candies, cookies, turkeys and honey baked hams on holidays
- ▶ Special price deals on takeout foods and combination meals
- ▶ Ethnic themes such as Oriental holidays, Italian feasts and Mexican fiestas
- ▶ Contests and giveaways such as winning a pizza party for friends in the office or residence hall
- ▶ Daily or weekly tie-ins with special occasions such as sports finals, celebrity birthdays and historical events

A complete ranking of the 400 by segment begins on page 21.

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Hot trends include exhibition cooking, mobile carts and national brands.

THE BRAND-NAME GAME

Clients are calling for nationally recognized chains, and contract management companies are happy to provide the option. Most contractors report that sales and profits rise when a national brand is on the scene. Here are some of the contractor-chain alliances:

ARA Services: Pizza Hut, Domino's, Dunkin' Donuts, Taco Bell; negotiating with I Can't Believe It's Yogurt, TCBY, KFC.

Marriott Management Services: Dunkin' Donuts, Domino's, Nathan's Famous, Pizza Hut, Mrs. Fields; negotiating with an undisclosed yogurt chain.

Canteen: Pizza Hut, Taco Bell; negotiating with Subway, Hardee's, Long John Silver's.

Morrison's Custom Management: Dunkin' Donuts, I Can't Believe It's Yogurt, McDonald's, Baskin-Robbins; negotiating with Pizza Hut.

in the area, with more than 500 clients. Chances are City Events will take on the well-known Parties Plus name soon. Catering business in large metropolitan areas on both coasts is a growth area, according to Helen Gattuso, director of marketing.

One of Morrison's most successful ideas was its Theme Pleaser Calendar, says Gattuso. The 16-x-20-inch calendar presents hundreds of promotion ideas, and is put to good use because it hangs on the wall—in sight, in mind. Even restaurateurs who have seen the calendars are requesting copies.

Morrison's Five for Life nutrition program incorporates the company's healthful recipes as well as a nutrition newsletter, take-home recipes and family activity ideas for more healthful lifestyles. It recently rated an 85% acceptance factor in a survey of unit managers, according to Gattuso. The program will be expanded.

A specialty bar program, designed to change throughout the day, will offer managers a choice of as many of 10 concepts they think will fit their clientele. Nutritional foods, snacks, baked potatoes, sandwiches, pasta, express breakfasts, salads, and hot and cold subs are among the choices. But the program is not yet finalized.

SEILER/FDI
$376.1MM*

Snap Into Shape, Waltham, Mass.-based Seiler's nutritional dining program, is a 12-month program that focuses on a different health and fitness topic each month. Themes include facts about fat, nutrition needs for all ages and fiber information. Nutritional recipes, under the TLC (Tasty Lite Cuisine) banner, are available to health-care accounts and will be offered in the education segment in the fall. The recipes, based on recommendations found in the new Dietary Guidelines, are lower in fat, calories, sodium and cholesterol. TLC items include soups, entrees, salads, breakfast items and desserts.

Wok cooking with a twist is the rage at Seiler's Stonehill College account in North Easton, Mass., according to that school's paper. The Wok Room, put in just before the 1990 school year began, features 10 wok stations at which students prepare their own stir-fries. The room, since renamed Wok This Way, draws about 300 students a day.

RESTAURA
$300.0MM

Three new concepts introduced this year emphasize the flexibility for which Restaura, Phoenix, believes clients are looking. "We've talked with a number of clients who, by the nature of their business, size or physical layout, cannot operate foodservices with the overhead and expense of a traditional cafeteria," says Joe Fassler, chief operating officer. "But those same customers recognize the importance of foodservice in boosting morale and decreasing absenteeism."

RestauraMart is a convenience-store concept designed for companies with 500 or fewer employees or with complexes that have buildings set far apart from one another. The stores come in three sizes, from 150 to 500 square feet. They offer salad bars, chili, soup, yogurt, premade sandwiches, rotisserie chicken, hot dogs, baked goods (including Dunkin' Donuts), and self-serve drinks, as well as snacks and sundries.

RestauraCarts enable foodservices to take the food to the customer. They come in four variations: Bakers Rack, Mexican, Deli sandwiches and salads, and a from-scratch pizza concept based on sister company Carson International's La Strata.

Finally, Themed Executive Catering, specializing in regional cuisine, answers a tremendous increase in the demand for in-house catering. "We can put on a function for about half the price of an outside caterer," says Joe Whoric, president of Restaura dining services. "That's a draw in today's economy. Not only do we cost less, but we save clients the cost of executive time and travel when functions are held in-house."

THE WOOD COMPANY
$198.3MM

Today's Top Hits is the latest extension of The Wood Company's menu marketing program. Pasta, fajitas, stir-fried and sautéed items, dressed baked potatoes, tropical fruit drinks, hot hoagies and omelets all are designed for custom preparation at servery stations.

Sandwiches are one of the Allentown, Pa.-based company's strongest lines. At Stack's Deli, new Stacked-to-the-Max sandwiches include shrimp with herb and Havarti cheeses, feta cheese and spinach with yogurt, garlic and cucumber, and a selection of savory panini—classic Italian sandwiches on baguettes.

Coming up: more on-site bake shops and convenience stores, as well as the launch of Heartland Selections, menu options limited in calories, sodium, cholesterol and fat. ***—B.L.***

*R&I estimate

400: MILITARY

MILITARY
$4.8 billion

34.8% of all
400 institutional sales

TOP TRENDS

- Serving from alternative locations, including takeout and full-service dining, as well as mobile carts
- Emphasizing nutrition, with many new menu items billed as being low-fat, low-calorie or low-salt

COMING UP

- Exchange Service: More branded and franchised concepts
- USAF: Ad campaign promoting nutrition among base personnel
- USMC: Updated foodservice facilities with enhanced takeout operations and computerization, and foodservice training program in cooperation with Marriott Corp.

BEST SELLERS

- Hamburgers
- Fried chicken (also popular: boned skinless breasts, stir-fries, sandwiches)
- Pizza
- Salad bar
- Soft-serve ice cream and yogurt

A complete ranking of the 400 by segment begins on page 21.

MIDDLE EAST CONFLICT FUELS SURGE IN FOOD PURCHASES

Chicken, fish, fruits and vegetables top the Armed Forces' shopping list.

Military foodservice operations boomed last year as reserves were called to active duty and U.S. troop strength increased in the Persian Gulf.

U.S. Air Force officials report an increase of $40 million in food and beverage purchases for the year. Marine Corps figures reflect a rise of more than $20 million.

As military foodservice grew bigger, it also grew lighter, with chicken, fish, and fruits and vegetables receiving heavy promotion as healthful alternatives to the top-selling hamburger.

Many facilities also marketed branded product lines and takeout operations.

U.S. NAVY FOOD SERVICE SYSTEMS
$954.8MM†

Naval foodservice officials have eliminated the portion of the Navy Ration Law stipulating butter as the only allowable bread spread; general messes now can offer patrons a choice of margarine or butter.

To cut fat from menu items, the Navy plans to offer a greater selection of low-calorie salad dressings. Other new menu items include brown rice and a variety of fresh fruits and vegetables. Planned for 1991: dehydrated yogurt mixes with flavoring packets.

ARMY & AIR FORCE EXCHANGE SERVICE
$636.7MM†

Branded concepts abound at the Exchange Service, which runs post exchange (PX) operations on military bases. It introduced The Chicken Loft (specialty chicken entrees) and Sweet Reflections (gourmet coffees and desserts) in 1990.

Mobile food carts, offering such concepts as Frank's Franks, also play a key role in the Exchange Service's campaign to "take foodservice to the customer."

Franchised chicken, hamburger and pizza programs, already in place at several locations, will expand in 1991. An Oriental food concept is planned for introduction this year.

U.S. AIR FORCE ENGINEERING AND SERVICES CTR.
$408.0MM†

As part of their continuing emphasis on nutrition, Air Force foodservice operations plan several healthful menu additions for 1991. Patrons will have a choice of a low-calorie entree at every meal; and the Air Force will offer a no-cholesterol egg substitute at breakfast.

A satellite-feeding program continues to grow, serving on-duty crews during off-peak hours. These walk-up, takeout facilities generally are located near work sites, such as aircraft maintenance areas.

—Pam Erickson

Military foodservices are drafting more branded concepts and service styles.

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†Commercial equivalent

400: TRANSPORTATION

TRANSPORTATION

$2.8 billion

20.3% of all
400 commercial sales

TOP TRENDS

- Upscale meal service that complements trendy foods
- More entree choices; lighter, more nutritious breakfasts, lunches and dinners
- Greater attention to coach passenger meal service

NEW ON THE MENU

- Grilled chicken and fish
- Angel hair, fettuccine and other pasta varieties
- Fresh salads
- Vinaigrette sauces and dressings
- Fresh fruit, frozen yogurt desserts
- Cold cereal, multigrain bread at breakfast
- Regional entrees
- Fresh snacks, i.e. fruit and cheese
- Cookies baked on board

A complete ranking of the 400 by segment begins on page 21.

AIRLINE AND RAIL MEALS SHIFT TOWARD UPSCALE AND TRENDY

First class boasts fresh-baked cookies, grilled fish; coach gets more attention.

The nation's air travelers and Amtrak fans are getting a taste of the transportation segment's new marketing ploy—upgraded food and presentation.

CATERAIR INTERNATIONAL
$1,162.0MM†
Potomac, Md.-based Caterair is emphasizing more healthful fare, fresh products and presentations.

On international flights, patrons are offered lobster fajitas with Jack cheese and jalapeño peppers, and veal with mushrooms. In building menu themes, Caterair focuses on patrons' destination rather than their departure points.

Hot and cold grilled foods head the list of entrees served on domestic flights. Chicken and fish, for example, are marinated, cooked just enough to show grill markings, then refrigerated and finished on board. Some airlines do on-board baking of French bread, bagels, muffins and cookies.

DOBBS INTERNATIONAL SERVICES
$460.0MM†*
Dobbs, based in Memphis, Tenn., reports that requests for fish courses have jumped from 10% to nearly 30% during the past year. To meet this demand, Dobbs has added grilled swordfish and salmon pasta to its list of first-class seafood dishes.

SKY CHEFS
$385.6MM†
Menus for Sky Chefs, Dallas/Fort Worth Airport, feature more pastas, salads and grilled entrees such as fish and marinated Southwest chicken.

To accompany these new dishes, Sky Chefs developed vinaigrettes flavored with sesame, peanut, soy, mirin (rice wine) or rice vinegar to replace traditional sauces.

Coach passengers are enjoying more salads, fresh fruits and low-calorie desserts. Entrees such as chicken and fettuccine are appearing in lieu of the usual lasagna. Snacks, served on flights that don't offer full meal service, include roast beef or turkey sandwiches on fresh-baked seven-grain bread served with chef's salad or soup.

AMTRAK
$68.9MM
Amtrak is trying to refine what it has rather than make any wholesale changes. The Washington-based carrier will rotate its sandwich lineup more frequently to give the appearance of change.

Items in test include low-sodium, low-calorie and low-cholesterol entrees; fresh items; vendor-prepared specialty sandwiches packaged with vegetables; pizza and pizza vending machines; and sparkling wine. ***—B.M.D.***

Transportation companies use upgraded food and presentations to attract travelers.

*R&I estimate; †commercial equivalent

400: HEALTH CARE

MENU CHANGES BALANCE LOW COSTS AND HIGH NUTRITION

Health-care foodservice grapples with scratch vs. preprepared foods.

The words might have changed, but the song remains the same. Health-care foodservice directors must provide cost-efficient foods for patients, residents and employees, regardless of rising costs, changing demands and an increasingly transitory labor pool.

Some operators, like United Health, have turned to preprepared foods to ease their labor woes. For others, the solution isn't so clear. "Our patients expect scratch cooking, so that's what we provide," says a hospital foodservice director in Texas. "The labor problem is a fact of life. We just keep training and retraining."

As in other segments of the industry, customer petitions are spawning nutrition-oriented promotions as well as branded product lines. Yet, says a Humana employee, "Our heart-healthy foods are on the menu every day. But when it comes time to choose, an awful lot of people head straight for the onion rings."

UNITED HEALTH
$238.0MM†
HEALTH CARE & RETIREMENT
$45.6MM†

Several years ago, Toledo, Ohio-based Health Care & Retirement and Unicare, a division of Milwaukee-based United Health, combined their buying power. That union resulted in volume discounts and enhanced stature in the marketplace for both companies.

Working with manufacturers, the two nursing-home companies now develop products geared specifically toward their needs.

Convenience entrees, customized to meet specified nutritional and taste requirements, were successfully introduced to both HCR and Unicare residents this spring. Other new products include pollock squares and fillets, and a line of precooked, preportioned meats. These are reheated, then served with low-sodium or regular gravy.

HUMANA
$101.9MM†

Autonomous member units mean greater diversity in the foodservice offerings at Louisville, Ky.-based Humana hospitals. Foodservice directors at various locations say "lighter" foods such as broiled chicken and fish are popular with patients; employees request these items as well as ethnic specialties, for instance, burritos and stir-fries.

Brand-name promotions are popular at Humana operations. Many units also offer the system's own line of heart-healthy entrees in addition to commercial products. These menu listings are branded with a heart to call attention to their low fat and cholesterol contents. *—P.E.*

A varied customer base is prompting health-care foodservices to specify custom products.

HEALTH CARE

$1.7 billion

12.3% of all
400 institutional sales

TOP TRENDS

- **Decentralized purchasing: Individual buying makes each hospital a separate operating entity**
- **Customized products: Operators provide manufacturers with specifications for definitive food items**
- **Branded products: Menu promotions feature manufacturers' or institution's own brand-name product lines**
- **Privilege of choice: Balanced offerings of healthful and traditional items help keep health-care employees happy**

COMING UP

- **National Medical Enterprises: Increased productivity, participation in group purchasing program**
- **The Evangelical Lutheran Good Samaritan Society: Computerization of all corporate record keeping**

A complete ranking of the 400 by segment begins on page 21.

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†Commercial equivalent

SCHOOLS FOCUS ON MENU ITEMS THAT BUILD THE STUDENT BODY

Operators add kiosks and carts to bring popular grab-and-go food to students.

The conflict still exists in schools: how to make money and still provide students with food that is good for them. The odds against accomplishing this feat are great—foods that are lower in fat, sodium and sugar generally aren't popular with students.

Yet many foodservice directors are becoming adept at balancing the bottom line and their consciences. Their success lies in offering foods students want to eat—including a plethora of healthful choices.

School foodservice directors also are adding dollars to bottom lines by taking their business to customers. Mobile carts and kiosks offering students such popular finger foods as pizza, hot dogs and sandwiches now dot campuses.

Schools also are heeding customers' cries for variety, offering traditional foods at nontraditional times (or nontraditional foods at traditional times, depending on one's point of view). For example, many programs now serve pizza for breakfast.

Some districts are unabashedly copying their commercial counterparts. Indianapolis offers a breakfast selection adapted from a meal the foodservice director savored on an early-morning airplane flight.

And branded products—particularly pizza—are starting to appear on campus.

Simultaneously, schools are making an effort to meet the USDA's Dietary Guidelines (which emphasize moderation) by cutting back on the fat served in meals. There are more fruit-filled muffins on breakfast menus, for example, instead of eggs, cheese and sausage.

Other schools have found the task of balancing nutrition and cash flow too daunting and have dropped out of the National School Lunch Program.

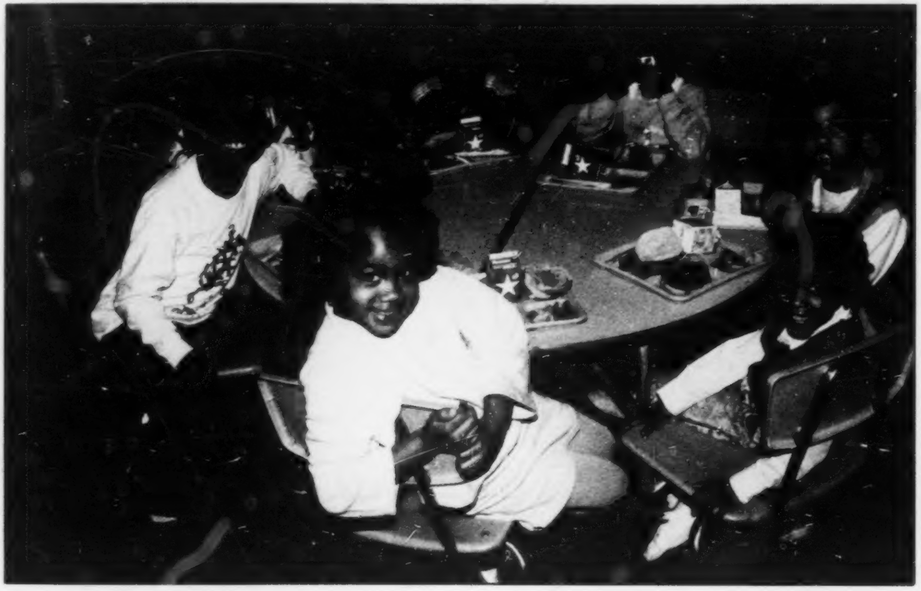
NEW YORK CITY BOARD OF EDUCATION
$322.0MM†**

The preferences of students in New York haven't changed much in the last year. Still popular are chicken, fish, pizza and hamburgers. In sections of the city with high concentrations of people from the Caribbean, Jamaican spiced beef is in demand.

In the experimental testing stage, and possibly for inclusion on school menus next year, are a lean ham-

continued on page 168

Chicken, fish, pizza and hamburgers are popular with New York City students.



EDUCATION
$1.1 billion

8.0% of all 400 institutional sales

TOP TRENDS

- Positioning kiosks/carts with popular hand-held foods around campuses to make foodservice convenient for more students
- Bringing branded concepts and products on campus
- Implementing more breakfast programs
- Lowering the fat content in menus to meet USDA Dietary Guidelines
- Constructing schools (and kitchens) in regions with expanding populations; renovating existing facilities

BEST SELLERS

- Pizza
- Fruit-filled turnovers
- Mexican chili dogs
- Burritos
- Chicken nuggets
- Sweet-potato cookies
- Breakfast taco
- Chicken fajita pita
- Whole-grain waffles
- Nonfat frozen yogurt
- Rib nuggets
- Chicken wings with barbecue sauce
- Frozen fruit drinks

A complete ranking of the 400 by segment begins on page 21.

**Company estimate; †commercial equivalent

400: EDUCATION

continued from page 165

Michigan State University added more stir-fry dishes such as shrimp vegetable.

burger, a cheese calzone, yogurt-based baked potato toppings and new items using commodity turkey.

LOS ANGELES UNIFIED SCHOOL DISTRICT
$208.6MM†**

To generate new revenue, the Los Angeles school system sells snacks from mobile carts at locations remote from cafeterias. The district also has introduced boxed pizza and canned carbonated beverages.

DADE COUNTY SCHOOLS
$89.6MM†**

Dade County is concentrating on its takeout program, including implementation of hot dog, ice cream and beverage carts in senior high schools. The department is redesigning existing operations and adding production kitchens to satellite schools.

SCHOOL DISTRICT OF PHILADELPHIA
$50.7MM†**

Popular in Philadelphia these days are pizza, fruit-filled turnovers and chicken nuggets. Menu items added in 1990 include burritos, egg rolls, super buns, super doughnuts and fruit-filled breakfast cupcakes. This fall, students will see on menus cheese pockets, Mexican chili dogs, and macaroni and cheese with turkey-based ham.

DETROIT PUBLIC SCHOOLS
$44.8MM†**

This year, Detroit is emphasizing an equipment replacement program in the district's 20 base kitchens. Each produces 3,000 to 5,000 hot lunches daily.

Serving more nutritious foods is another major emphasis. For instance, the school worked with the company that manufactures its seasoning mixes to reduce their salt content by 50%. In cafeterias, fresh fruit is available every day, and only low-fat milk is sold.

The daily menu includes an entree from the basic rotating menu, pizza, two or more deli sandwiches and a large chef's salad.

HOUSTON INDEPENDENT SCHOOL DISTRICT
$44.2MM†**

Last year, Houston implemented its "Choose Right-Eat Right" program in its 169 elementary schools. It also added pork riblets and lasagna to the menu. Popular on the menu are pizza and burritos. Like other schools, Houston plans to add new items to its breakfast program.

DALLAS INDEPENDENT SCHOOL DISTRICT
$42.8MM†**

Marjorie Craft, this year's Silver Plate winner in the schools category, has initiated a "Healthy Meal Deal" nutrition awareness pilot program in 10 Dallas elementary schools. The "Healthy Meal Deal" is a meal pattern equivalent featuring a whole-grain sandwich, fresh fruit and vegetables.

Popular items on the menu include fiesta salad, pizza and chicken nuggets. New items this year include a chicken fajita pita, a breakfast taco, Louisiana meat pie, sweet-potato cookies and a Mexican chili dog.

MICHIGAN STATE UNIVERSITY
$38.9MM†**

Most college students still are convinced they're indestructible; But even these customers are starting to demand more healthful food.

The most popular entrees at Michigan State in East Lansing are chicken snacks, pizza, pasta and Mexican entrees. "Lighter menus" is how Robert C. Underwood, vice president for housing and foodservice, describes the overall changes in menus during 1990. These include more sandwich-style entrees for the Kellogg Center Hotel, and additional stir-fry dishes, such as shrimp vegetable, and marinated chicken with fresh vegetables, for use in the residence halls.

In a quest for more revenue—not uncommon in colleges and universities these days—MSU is looking for new services to offer customers, including a Healthy Food delivery program from the union to campus offices. The university also is working on introducing a debit card system.

BROWARD COUNTY SCHOOL BOARD
$38.6MM†**

Broward County, Fla., has put salad bars in all elementary schools and implemented summer foodservice programs for children in 68 out of 161 schools with kitchens. Popular on menus: chicken nuggets and pizza. New items added in 1990 were breakfast loaf bread and whole-grain waffles. What novel-for-Broward item can students expect to see this fall? A Belgian waffle stick.

HILLSBOROUGH COUNTY SCHOOL BOARD
$33.6MM†**

Students in Hillsborough, Fla., will see more a la carte menu selections at the secondary level. Most popular are branded items such as Pizza Hut pizza. Added to the menus in 1990 were nonfat frozen yogurt, rib nuggets, chicken wings with barbecue sauce, and frozen fruit drinks.

—Susie Stephenson

MEAL BREAKOUT

Here are some meal breakout statistics from selected metropolitan areas:

Broward County School Board
Percent of students receiving each type of meal: free, 42%; reduced, 7%; full, 51%

Dade County Schools
Percent of students receiving each type of meal: free, 48%; reduced, 8%; full, 34%

Dallas Independent School District
Percent of students receiving each type of meal: free, 66.1%; reduced, 6.6%; full, 27.3%

Hillsborough County School Board
Percent of students receiving each type of meal: free, 45%; reduced, 8%; full, 47%

Houston Independent School District
Percent of students receiving each type of meal: free, 80.6%; reduced, 4.9%; full, 14.5%

School District of Philadelphia
Percent of students receiving each type of meal: free, 94%; reduced, 4%; full, 2%

**Company estimate; †commercial equivalent

400: RECREATION

RECREATION OUTLETS FEATURE ETHNIC FOOD AND LIGHTER FARE

Cruise lines in particular launch salad, pasta and lower-fat menu items.

This year, *R&I* expands its recreation segment to include cruise lines. Overall, as travel dropped in the first part of 1991, destination-type recreation businesses suffered more than operations with a loyal local draw. On menus, healthful and ethnic foods found themselves at the center of attention.

WALT DISNEY WORLD
$506.0MM
Lake Buena Vista, Fla.-based Walt Disney is concentrating on providing healthful alternatives, such as lower-fat items and turkey burgers.

Disney introduced two new restaurants in 1990 at its MGM Studios theme park in Orlando, Fla. The first, designed after a Hollywood back lot commissary, features cafeteria-style food. At the other concept, Sci-Fi Dine-In Theater, patrons eat and watch B-movie science fiction clips while sitting in replicas of 1950s automobiles. A few new restaurants are planned for 1991.

ROYAL CARIBBEAN LINES
$103.6MM†
Miami-based Royal Caribbean added seafood, pasta and salad selections to its shipboard menus in 1990, with more to come this year.

Also on line for Royal Caribbean: a low-fat, low-cholesterol dining program based on American Heart Association guidelines and new automatic juice and coffee dispensers that provide 24-hour free service.

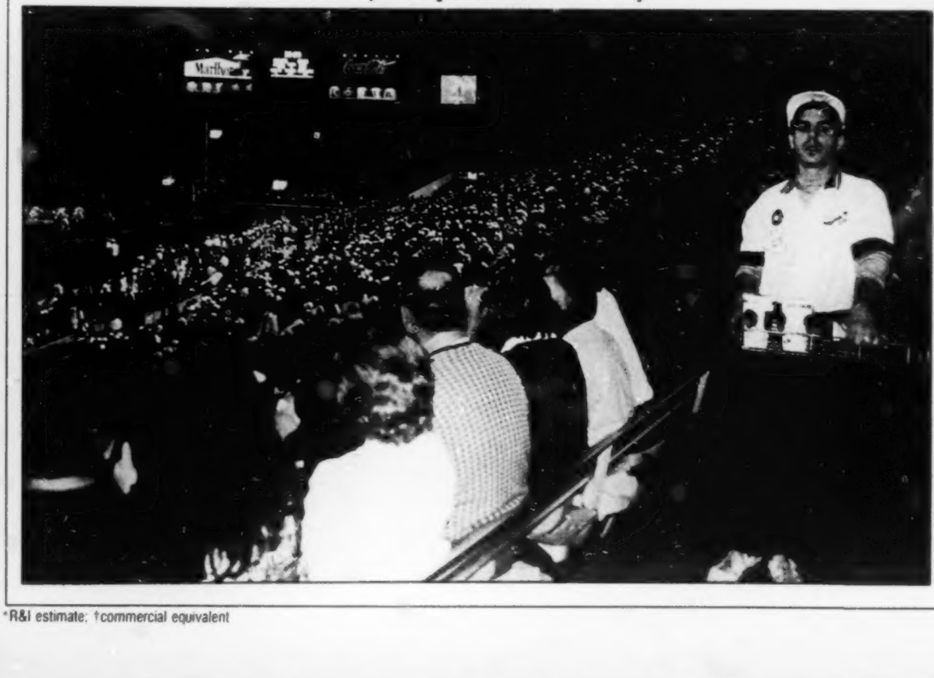
HOLLAND AMERICA LINE
$60.2MM†*
In 1990, Holland America, Seattle, began a healthful menu program, introducing no-cholesterol products and listing special dietary information on menus.

Holland operates a Continental dining room on each of its ships.

LEISERV
$42.2MM
Deerfield, Ill.-based Leiserv switched to paper cups from plastic foam cups this year, and sponsored a junior bowler scholarship program in conjunction with a candy manufacturer.

For 1991, Leiserv is offering a kids meal package in the shape of a bowling bag: it includes coupons for meals and bowling games. —***N.P.***

Foodservice for local attractions such as sports events and bowling fared better in last year's poor travel economy.



RECREATION
$1.0 billion
0.9% of all 400 commercial sales

TOP TRENDS
- ▶ Walt Disney World: healthful, low-fat menu items, turkey burgers
- ▶ Busch Entertainment: purchased all Sea World restaurants
- ▶ Royal Caribbean: free 24-hour automatic juice and coffee dispensers
- ▶ Holland America: pasta bar
- ▶ Leiserv: Switched to recyclable paper goods

COMING UP
- ▶ Walt Disney World: more restaurants in the MGM Studios theme park
- ▶ Royal Caribbean: more seafood and salad selections
- ▶ Leiserv: kids meal promotion in the shape of a bowling bag

EXPANSIONS
- ▶ Walt Disney World: opening Euro Disney in 1991, planning new park in Anaheim, Calif.
- ▶ Holland America: building new ships for 1992; recently acquired three large sailing vessels
- ▶ Leiserv: opened five new locations in bowling centers

A complete ranking of the 400 by segment begins on page 21.

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*R&I estimate; †commercial equivalent

ACTION EXPRESS

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HOW LEVY WILL REVAMP McCORMICK PLACE'S FOODSERVICE

◀ *A Price-Value "Trio" From Arnie's*

NEW R&I SERIES:

THE CLEAN RESTAURANT

Easy Ways To Create **EXTRAVAGANT BRUNCHES**

More Inside! See Page 4 ▷▷

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What's in a name? If the name is Arnie Morton, the answer is "A Taste of Chicago." This trio of meat, fish and poultry, featured at Arnie's on North State Parkway, is the restaurateur's latest entry in his long history of fine dining in the Windy City.

26 R&I EXCLUSIVE: TASTE OF CHICAGO DINING GUIDE

Downscaling and rethinking concepts continues to be a survival tactic for Chicago's restaurants. The process has brought vigor to menus and a welcoming warmth to the dining environment. For our annual review of what's going on, *R&I* stalked the city and suburbs for interesting new foods, places and faces.

90 SPECIAL REPORT: THE CLEAN RESTAURANT

Surveys have shown that cleanliness is one of the primary reasons customers return—or decide to avoid—a foodservice operation. Sanitation is not just the chemicals and procedures operators use. Successful sanitation begins with the physical design of the restaurant, and continues only with effective, efficient management. Part I of a series that begins in this issue covers back- and front-of-the-house cleanliness.

111 HOW TO SCHEDULE BOUNTIFUL BUFFETS

Chatham Bars Inn, Chatham, Mass., presents a case study of time and motion involved in setting up a successful buffet. The inn starts preparing for its spectacular Sunday buffet—popular with Cape Cod locals as well as guests—on the Monday before, coordinating it with regular foodservice and catered affairs for tourists and conference groups. Check the inn's plan for ideas you can apply to your buffet.

118 BRUNCH: THE FOURTH FOODSERVICE DIMENSION

An easy way to branch out into brunch is to see the common elements found on breakfast and luncheon menus in the light of midday. Our Food feature has formulas for making egg dishes, soup, salad, sandwiches, pizza and pasta worthy of a new and special place on the day's agenda.

FOOD 118
Common on breakfast menus, both waffles and pancakes have the potential for building sales for the fourth meal—brunch.

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®R&I REPORT

DATA DIGEST

GALLUP POLL: 84% WANT SEPARATE NON-SMOKING SECTION

A separate section for non-smokers is the most important feature a restaurant can offer, according to consumers who responded to a Gallup poll conducted late in 1990 for the National Restaurant Association.

Of the 1,000 adults polled, 84% are interested or very interested in separate seating for smokers. This represents an increase from 1988, when a similar poll revealed 78% were interested in segregated seating for smokers. Only 9% say they have no interest at all.

The latest survey shows women are more likely than men to express interest in non-smoking sections. Also, the youngest group of respondents—age 18 to 24—is most interested in non-smoking accommodations. People in the Southeast and Rocky Mountain states are the most interested, whereas people in the Southwest are least interested.

In response to consumer demand, the NRA reports more than 70% of operators now have separate sections. The figure rises to 79% among operators with check averages of more than $25.

Ranking behind the smoking issue in the poll were nutritious menu items, a children's menu and self-service salad or food bars.

Fully 71% are very interested in nutritious menu alternatives, compared to 76% the previous year. About 67% say they are very interested in the children's menu, the same percentage as the 1988 survey. And 69% want self-service salad and food bars, down slightly from 71% in '88.

More than 70% of all operations currently have non-smoking sections.

UPSCALE OPERATORS RESPOND TO NEW ATTITUDES

Upscale restaurateurs are refashioning their menus to meet the changing preferences of the baby-boomer generation. This powerful demographic group was once interested in chic, experimental dining experiences. Now baby boomers are looking for less elaborate meals in comfortable surroundings, according to NRA President Michael Hurst. By broadening their appeal, upscale operators are maintaining business during a soft sales period. (Table: Percentage of tableservice restaurants with check averages above $25 taking specific steps since January 1989.)

Operator action	% surveyed
Cut prices of menu items	30%
Added lower-priced menu items	52
Added easy-to-prepare dishes	49
Added grilled dishes	64
Added pasta dishes	73
Added light entrees	65
Offered fixed-price meal	58
Offered frequent-diner deal	20

National Restaurant Association's Tableservice Operators Survey.

AIDS AWARENESS ON THE INCREASE

The percentage of people willing to eat in a restaurant where a kitchen worker has AIDS stands at 32% today, up 18 points from 1987, according to a report in *The Public Pulse*, a newsletter from The Roper Organization.

The newsletter states that, as the understanding of AIDS has increased, the public's tolerance of people with AIDS has grown. The January report notes increased tolerance also is due to the fact that more lives have been touched by the disease in some way. In '87, 10% of Americans knew somebody who had AIDS or died from it. That number has since almost doubled to 18%.

What has not changed, according to Roper, is the fundamental approach preferred by the public for dealing with AIDS. More than 60% say both the rights of AIDS patients and the public health should be kept in mind, but in case of conflict, protection of the public should prevail. —*J.W.*

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***R&I* Exclusive:** "Dining Guide," p. 26, 27, 30, 36, 40, 44, 50, Eric Futran.

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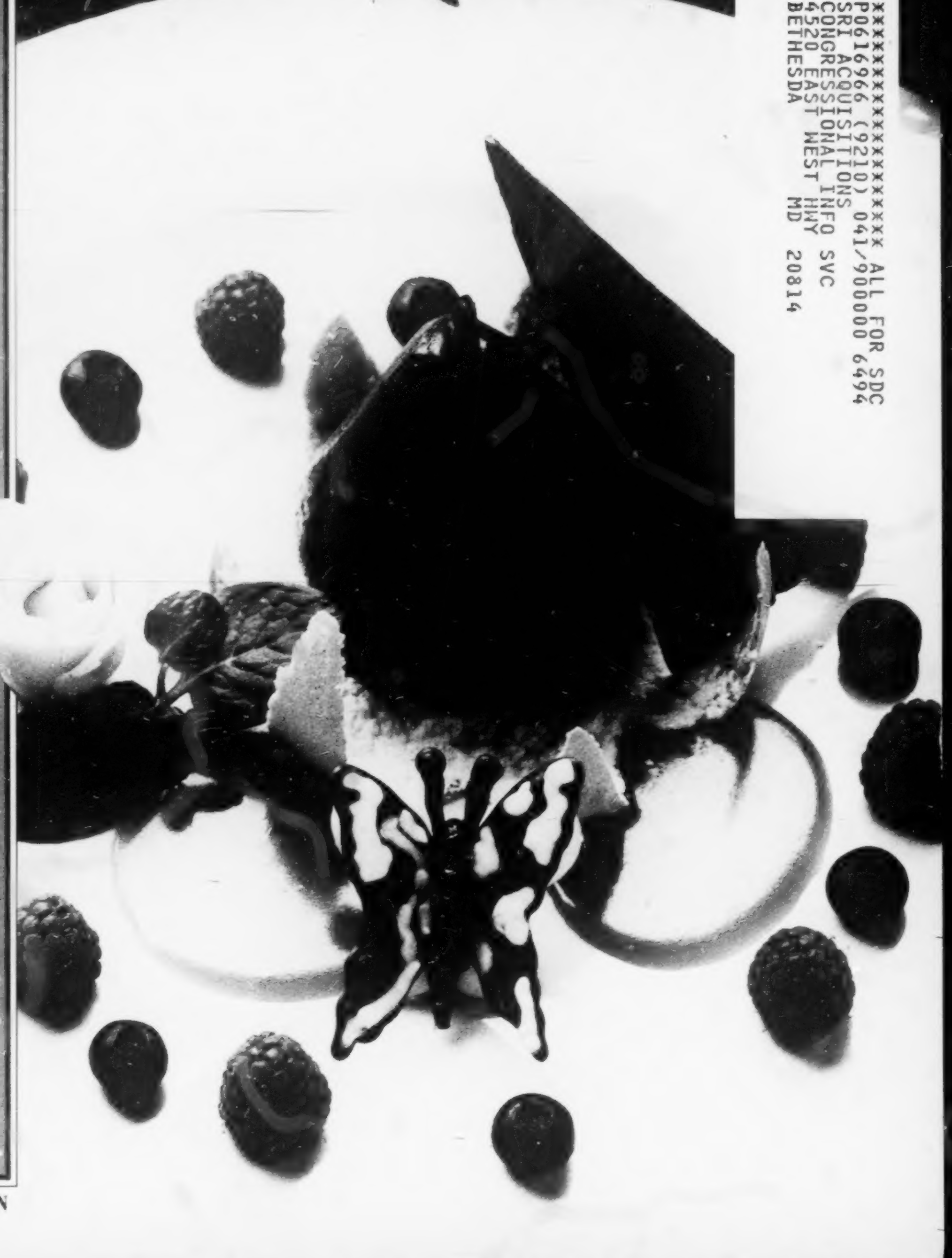

Poached pear with butterscotch sauce from Actuelle ▶

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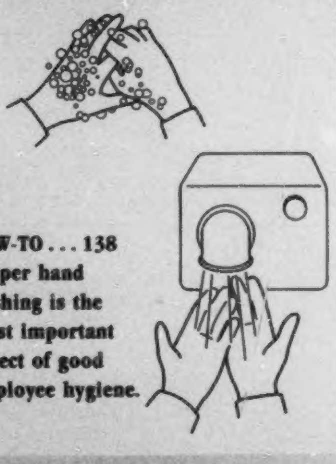

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Proper hand washing is the most important aspect of good employee hygiene.

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Executive Chef Alain Giraud, Citrus, Los Angeles, in the open kitchen of one of this year's Ivy-winning restaurants.

ABOUT THE COVER

Chef Victor Gielisse, C.M.C., poaches pears in pinot noir and serves them with butterscotch sauce at Actuelle, Dallas, one of this year's nine Ivy Award winners.

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R&I EXCLUSIVE: PRESENTING THE 1991 IVY AWARD WINNERS

The prestigious Ivy Society, founded by this magazine, welcomes nine new members, nominated by past Ivy winners and elected by the industry, as exemplifying outstanding achievements in foodservice. The nine are celebrated in this issue and will be feted during the National Restaurant Association show in Chicago this month. As Ivy comes of age and enters its 21st year, three of the world's most revered master chefs—Paul Bocuse, Roger Vergé and Gaston Lenôtre—and their Bistro de Paris at Epcot Center in Orlando, Fla., join the Ivy corps.

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MENU IDEAS FROM AROUND THE COUNTRY

This issue's Menus feature takes a cross-country trip: On the West Coast, the Loews Santa Monica Beach Hotel gives up its beds to make room for the American Film Market's annual convention. In the Midwest, Captain D's adds broiled chicken, shrimp and orange roughy to its menu. And on the East Coast, Chesapeake Bay Seafood Houses launches a creative campaign to help save Chesapeake Bay.

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THE CLEAN RESTAURANT, PART II: EMPLOYEE HYGIENE

Poor personal hygiene causes more than 90% of the sanitation problems in the foodservice industry. Government statistics show improper hand washing alone accounts for more than 25% of all foodborne illnesses. In Part II of *R&I*'s sanitation series, experts describe in detail proper procedures for reducing cross-contamination in the workplace and suggest ways to deal with a new problem—style vs. safety, including what apparel, jewelry, cosmetics and hair styles can and cannot be worn on the job.

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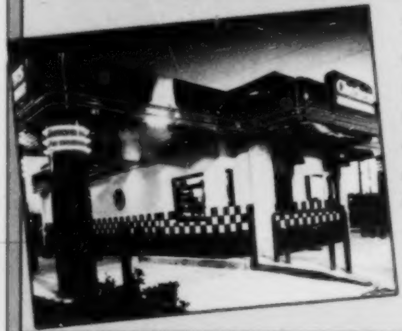
NEW PRODUCTS ON EXHIBITION

R&I's Product Catalog previews products for spring and summer menus, many to be on display at the NRA show this month. Among the new food products are chicken strips for grilling, Maryland crab soup and portion-pack cookies.

R&I REPORT

LABOR

WILL DRIVE-THRUS KEEP McD'S, TACO BELL LEADERS OF THE PACK?



The success of the double-drive-thru mavericks is tempting big chains to test low-overhead units for wheeled meals.

Determined to stay at the top of their markets, two of the biggest fast-food chains are now testing ways to become even faster. Taco Bell and giant McDonald's are mixing it up with their double-drive-thru counterparts, hoping to keep the easy-to-build, easy-to-finance units from making further inroads.

Taco Bell, Irvine, Calif., has announced it will test both a single- and a double-drive-thru unit. The No. 1 quick-service Mexican chain bought out the Hot 'N Now drive-thru hamburger concept last winter. Since then, analysts have speculated the company was more interested in adapting Hot 'N Now's service systems to its own Mexican menu than in getting into the burger business. Taco Bell has said it hopes to have 10,000 Mexican restaurants by the end of the '90s, almost triple the number now in operation.

Taco Bell appears convinced of the strength of the drive-thru Mexican market. Apart from the apparent success of regional competitors such as Fajita Junction, San Antonio, or the Chiquita Cafe concept run by Houston-based Two Pesos, there is the example of its own stores. By the time of the Hot 'N Now purchase last December, the typical Taco Bell unit was taking $312,000 in orders, or 40% of its annual sales volume, from the drive-thru window.

Meanwhile, burger leader McDonald's, Oak Brook, Ill., reportedly has challenged each of its regional divisions to devise a workable drive-thru-only system, and the results are now moving into early test. One unit in Raleigh, N.C., serves patrons from a pair of windows set up in-line in a building that also houses the cooking area.

Besides fending off the assault of the burger kiosks, McDonald's stand-alone drive-thru test holds possible cost advantages. The version now under consideration needs a staff of 35, compared with the 65-person staff of a standard unit. With neither an inside service counter nor indoor seating, it also requires less than a third of the space needed for a typical McDonald's. Such cuts in overhead might help ease the problem of declining real same-store sales at McDonald's domestic outlets.

—B.Q.

GROWTH STRATEGIES

SAFETY TRAINING CREATES WORKERS' COMPENSATION DIVIDEND

Workers' compensation insurance dividends for the six-unit Eppie's Restaurants totaled $118,000 last year, according to Eppie Johnson, president of the Sacramento-based dinner-house chain.

Johnson's 1989 insurance premiums exceeded the compensation payments paid out that year by the State Compensation Insurance Fund of California. As a result, the carrier reimbursed Eppie's. He attributes his good fortune to an incentive-based employee safety training program introduced five years ago.

A safety trainer assigned to each store conducts weekly in-house meetings. In reward, Eppie's offers cash awards and bonuses to the company restaurant whose employees log in the most number of accident-free hours. Prizes range from $35 gift certificates for employees at units that post a no-time-loss-due-to-accident report for 90 days to a $50 gift certificate and a chance to participate in a drawing for a trip to Hawaii for an accident-free year.

"One store recorded 460 days without an accident," says Johnson. "Last year, I paid out $37,000 in bonuses. But, with the dividend check, I got it back. And then some."

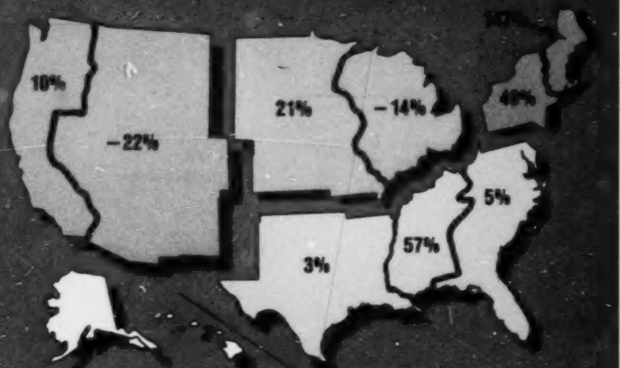
—B.M.D.

R&I DATA

RECESSION'S WAKE

Restaurant failures rose substantially in 1990. Nationwide, only the Mountain and East North Central regions posted fewer restaurant closings than in 1989. New England was hit hardest last year, followed by the East South Central, Middle Atlantic and Pacific regions. The South Atlantic and West South Central areas of the country experienced only modest increases in restaurant closings.

% change in number of restaurant failures, 1989 to 1990



Source: The Dun & Bradstreet Corp., Economic Analysis Department

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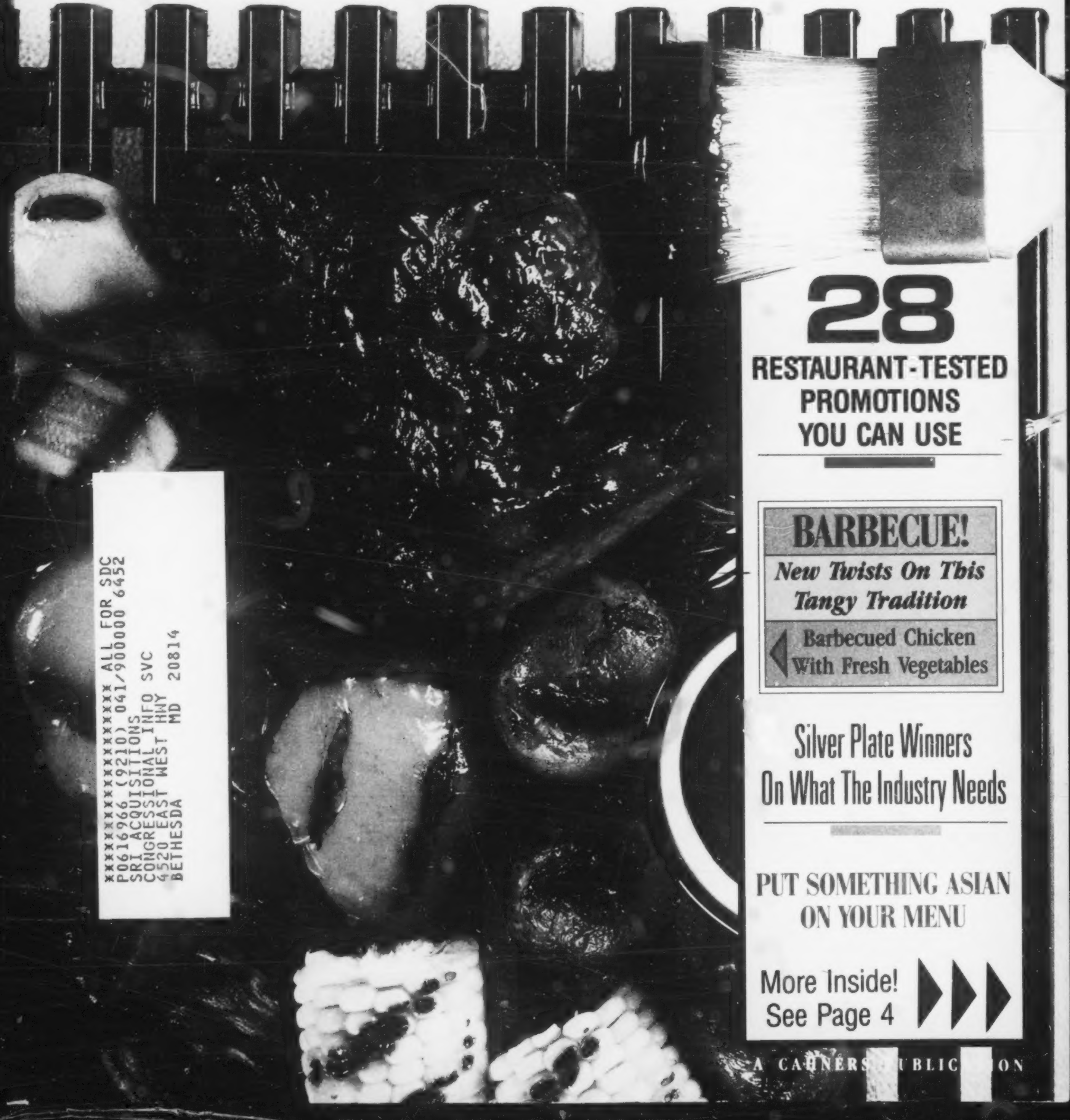

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BARBECUE!

New Twists On This Tangy Tradition

◀ Barbecued Chicken With Fresh Vegetables

Silver Plate Winners On What The Industry Needs

PUT SOMETHING ASIAN ON YOUR MENU

More Inside! See Page 4 ▶▶▶

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SOLID WASTE SOLUTIONS, A SERVICE OF THE FOODSERVICE & PACKAGING INSTITUTE, FOLLOWS PAGE 86.

38 R&I EXCLUSIVE: A YEAR OF PROFITABLE PROMOTIONS

Operators with a competitive edge promote and merchandise their new concepts. For a year's worth of memorable marketing ideas from chains, independents and institutions, see "Premium Promotions," a roundup of meal deals, contests, sales incentives and special events that attract new business.

80 IFMA'S 1991 SILVER PLATE WINNERS

What challenges lie ahead for the foodservice industry? All nine candidates for the International Foodservice Manufacturers Association's 1991 Gold Plate share their views on building staff unity, improving government relations and other critical issues.

104 NEW ASIAN FOODS PROVE IRRESISTIBLE

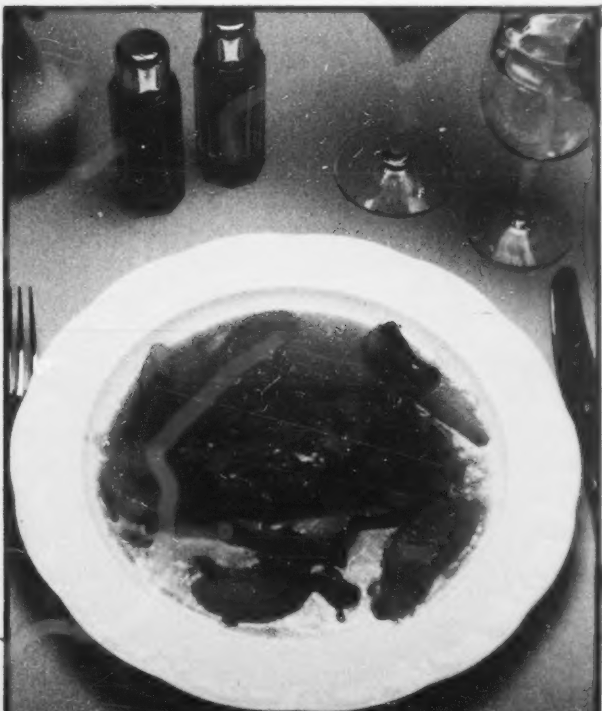
Asian flavors continue to migrate into the American mainstream, providing new opportunities for operators in all industry segments to satisfy popular tastes. Our Taste feature includes recipes for tacos with an Oriental twist, Thai prawns, and a warm curried mussel salad—dishes that adapt easily to existing menus.

121 THE INS AND OUTS OF SOFT-SERVE EQUIPMENT

Soft-serve ice cream and yogurt need no hard sell with today's customers—Dairy Queen and TCBY can attest to that. The two chains, however, use different systems to produce their popular soft-serve products. Spokespeople from both discuss their soft-serve requirements and why they chose one dispensing system over the other.

124 ABOUT THE COVER: GREAT BARBECUE'S SECRET IS THE SAUCE

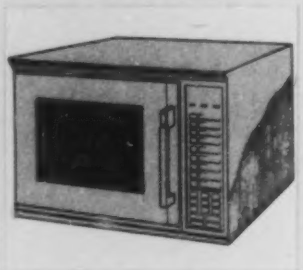
To the American public, barbecue means sauce. And when they want sauce, most prefer hot or mild, sweet or tangy tomato-based sauces for flavoring ribs, chicken and sandwiches, as well as for dipping grilled vegetables and potato specialties. A majority of operators purchase commercially made sauces and add their own ingredients to customize the taste. This issue's Food section reveals both cooking and sauce secrets from around the country.



TASTE 104
Asian dishes for American tastes are causing a stir in food circles. Here, East meets Westin: Salmon in Rice Paper with Citrus and Pear Vinaigrette delights guests at the hotel's Chicago restaurant.

R&I REPORT

RESEARCH BRIEFS



Microwaving meat, fish or poultry for a minute or two before cooking helps rid them of juices that might carry carcinogens, according to microbiologist Dr. James Felton of the Lawrence Livermore (Calif.) National Laboratory. Discarding those juices significantly reduces the amount of carcinogens produced in cooking, even at high temperatures.

However, Michael Pariza, director of the University of Wisconsin's Food Research Institute, cautions that the findings are nothing to be alarmed about and that the risk of cancer is not very great.

At a meeting of the American Cancer Society in March, Felton said people should avoid eating overcooked meat, poultry or fish. Overcooking is caused by barbecuing, grilling and broiling at excessive temperatures. He says animal protein should be cooked at medium temperatures, around 325F, to kill bacteria and parasites.

HIGHER WAGE MAGNIFIES LABOR WOES

Restaurateurs wondering how the $4.25 federal minimum wage rate that took effect April 1 might affect their operations should look to Oregon for answers. The minimum wage rate there, the highest in the United States, increased to $4.75 on Jan. 1, up from $4.25.

Earlier this year, the Oregon Restaurant Association conducted a study to see how the $4.25 wage affected operations in 1990. The study found that 80% of Oregon operators increased menu prices, 60% reduced employee hours, 43% reduced the number of employees and 39% changed their menus to add more profitable, less labor-intensive items.

HIRING PRACTICES

Oregon operators were asked what changes they have made as a result of an increase in the minimum wage.

More likely to hire part-time employees	55%
More likely to hire full-time employees	10
More likely to hire workers age 14-17	2
More likely to hire workers 21 and over	55

These changes resulted in managers performing more routine work, more part-time employees being scheduled and a decreased level of service, the survey report concluded.

When asked which positions were most affected by reduced employee hours, 74% of facilities with tipped employees indicated it was servers. Of full-service operators, 48% eliminated wait-staff positions.

The average increase in labor costs, including the wage increase to $4.75 in 1991, has been 10.8%.

QUALITY TIME IN RESTAURANTS

The restaurant industry stands to benefit because of rising tensions between work and family, according to the January 1991 *Public Pulse*, a newsletter published by The Roper Organization.

The newsletter reports parents are spending more "quality time" with their children. One of the biggest beneficiaries will be the restaurant industry because two-income parents don't want to cook meals or clean up after them.

The Roper Organization concludes that foodservice and other children's markets such as theme parks might turn out to be "recession proof" in the months ahead.

78% INCREASE IN FAST-FOOD UNIT GROWTH

Judging by the growth in the number of fast-food units during the past decade, operators must expect customers' appetite for food on the fly to remain healthy.

According to information compiled by Audits and Surveys Inc., a marketing research company, the number of fast-food units rose 78% to 119,880 in 1990 from 67,290 in 1980. It was the largest increase of all types of retail stores. Second was bookstores, which increased 76%.

From 1980 to 1990, fast food led retailers in unit growth.

The total number of stores rose just 6% to 1,845,340, according to the New York-based firm. That compares with a population increase of 11% and a total retail sales increase of 43%. This means there is now only one retail outlet per every 134 people.

LIQUOR LAWS CUT TEENAGE AUTO DEATHS

Traffic fatalities among teenagers have declined sharply since all 50 states raised the drinking age to 21, according to a report by the Centers for Disease Control.

The number of traffic deaths attributed to drinking among 15- to 17-year-olds dropped by 40% from 1982 to 1989. In the 18 to 20 age group, the decline was 28%, according to the Atlanta-based organization.

But alcohol is still implicated in two-thirds of all traffic deaths involving people age 21 to 24, only a slight decrease over statistics of the early 1980s.

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SERVING THE TOTAL FOODSERVICE INDUSTRY JULY 10, 1991

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PART I: FINANCIAL REPORT

R&I EXECUTIVE OF THE YEAR:
JOHN MARTIN, PRESIDENT AND CEO, TACO BELL

JULY 10, 1991

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PROFILE . . . 10
John Martin found a gold mine in a new Taco Bell concept—new products and popular prices.

18 R&I EXCLUSIVE: ANNUAL 400 FINANCIAL REPORT

With sales of $134 billion, nominal growth for the nation's top 400 foodservice organizations over the last year was 5.5%, only 0.1% higher than the total industry growth of 5.4%. Once the year's 4.7% inflation rate is subtracted, the group registers real growth of 0.8%.

But even though 1990 was far from a great year for the 400, 5.5% nominal growth translates into $7 billion more in sales in 1990 than in 1989. For some companies, especially those in the midscale and casual-theme segments, real growth continued in double-digit territory. How are America's biggest foodservice organizations coping with the mercurial marketplace of the '90s? *R&I*'s annual 400 Financial Report has the answers.

27 RANKING THE INDUSTRY GIANTS

This year's 400 report charts more statistical information in the ranking of the top foodservice companies. Ownership, average unit sales volumes and fiscal-year endings now accompany the sales, units and growth rates that are included in every annual 400 analysis.

83 CHAIN STRATEGIES TO WATCH THIS YEAR

Three pages of 400 Highlights, which follow the ranking of companies, summarize newsworthy activities of individual chains as well as prevalent corporate moves:

☐ Putting food products in new locations and serving them in ways the competition finds hard to match.
☐ Cutting costs and closing the gap between the corporate suite and the unit.
☐ Shuffling and discarding top management members to broaden the authority of regional and unit managers.
☐ Employing drive-thru-only facilities in fast-food units to pull through customer sales quickly.

10 ON THE COVER: JOHN MARTIN, THE BIG BURRITO OF BUSINESS

The Taco Bells are ringing in 3,200 units, where the price is right and earnings are growing for the popular PepsiCo subsidiary. The man who got the bells to ring up sales is *R&I*'s Executive of the Year, John Martin, Taco Bell president and CEO. Taco Bell was seriously out of tune when Martin took the helm in 1983. Now the chain leads the industry in value pricing . . . 59, 79, 99 uncommon sense.

JOHN MARTIN'S COMMON-SENSE MIRACLE

[redacted]

His operational fine-tuning and keen ear for customers' needs have fast-food chains everywhere humming the Taco Bell canon.

When country and western singer T. Graham Brown sat down at the piano to entertain Taco Bell's annual meeting last March, he shared the mike with a special guest star: John Martin, president and CEO of the 3,500-unit Mexican chain.

The crowd applauded, of course, but the most interesting reaction was Brown's. "He said he was glad to see that I could rock," Martin says. "He told me I wasn't just another damn suit."

No indeed. Among chain executives, Martin is hailed these days as a restaurant visionary, a trend-spotter and -setter who perceived consumers' growing price sensitivity early on and acted on that perception. Taco Bell broke its permanent value-pricing strategy in late '88 with a menu of tacos and other simple items at 49 cents. Last November, the company widened that tactic with a three-tiered structure of price points of 59, 79 and 99 cents covering almost the entire menu.

The results have electrified the industry. In the year right after the initial '88 rollout, Taco Bell's transactions increased 34%. Over the last two years, transactions are up 60%. Net systemwide sales at Taco Bell rose $280 million in 1990 to $1.7 billion; $255 million of that jump came from increased store volumes. And U.S. same-store average sales volumes grew 13% last year to $771,000—on top of a 16% increase in '89.

"It all sounds magical," Martin says. "But it wasn't magic. We didn't split the atom or discover a new planet. Everything was out there in the market. All we did was get in tune with it by listening to the customer."

Taco Bell was seriously out of tune when Martin took the helm in 1983, five years after PepsiCo bought the chain. At that time, the company was "a small regional player with an inferiority complex," opening 75 stores a year and dedicated mainly to avoiding risk. The sole criterion for evaluating real estate was price; if a plot cost under $60,000, it was approved. The chain built small, cheap units to minimize losses if they failed and—convinced that no one would ever eat Mexican food in a car—built them right out to the right front corner of the lots so operators could not sneak in a drive-thru window.

Worst of all was Taco Bell's perception of itself. Management believed that consumers were afraid of or unfamiliar with Mexican food. The company considered itself a niche player dependent on customers looking for an occasional change from mainstream fast food. All marketing was directed at extending the chain's customer base. This made Taco Bell vulnerable not only to the dedicated Mexican concepts but to Jack In The Box, Chi-Chi's and anyone else featuring Mexican.

Martin didn't buy that notion of Mexican's limited appeal. "What's a burger? Ground beef, cheese, tomato, lettuce and sauce on a bun. Not very different from a taco." Customer *frequency*, not reach, was the problem.

Martin and his management team quickly set out to rebuild the chain's image, both among customers and within itself. The first order of business was to roll out some new products that had stalled in development. The previous administration had tested taco salads for two years but failed to find a way to produce the shells in quantity. Under Martin's direction, Taco Bell spent 30 days inventing a way to mass-produce the shells, then launched the item in four months and "kicked heck out of sales."

He also called for some quick-and-dirty consumer research to uncover Taco Bell's problems. These were many: The stores were dark, their colors uninviting, their signs not readable. The "sleepy sombrero" logo offended some and didn't say "fast food" to anyone. Servers wrote orders in grease pencil on a plastic board hung over the registers; when you gave your order, you got to look at someone's armpit.

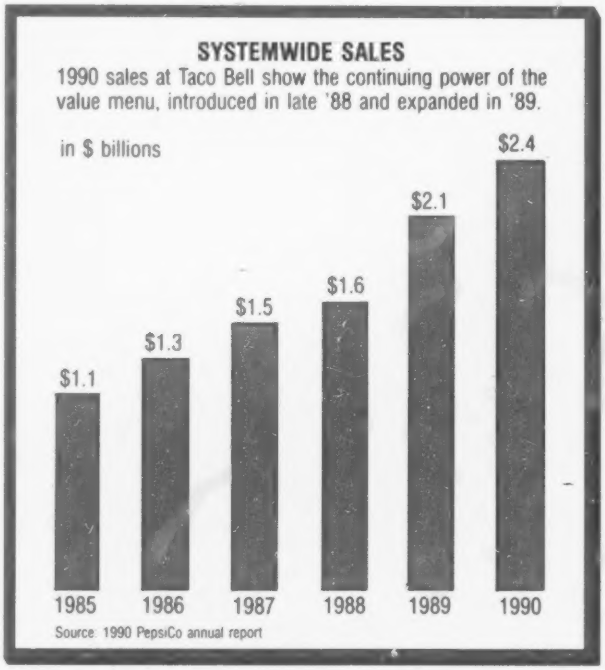
The company also launched a more organized study of Americans' dining habits, and began looking at price points early on. Taco Bell's first value test, in 1984 in Oklahoma City, sold tacos for 39 cents. It was a hit with customers—but murder on profit margins. Martin began looking intently at costs.

At that time, each store fried its own shells, cooked its own ground beef and prepped its own beans and other side dishes. This time-honored "factory" system seemed wasteful and complex to Martin—"as absurd as putting a Pepsi syrup plant in every store."

Today, ground beef comes through the back door precooked; tortillas are shipped fried; onions come chopped and beans ready to heat. Simplifying kitchen operations has saved labor, space and service time. The typical Taco Bell now can do $1,500 in sales in a peak hour—twice the capacity of five years ago. And the new 90-seat stores occupy the same square footage as the older 45-seat models.

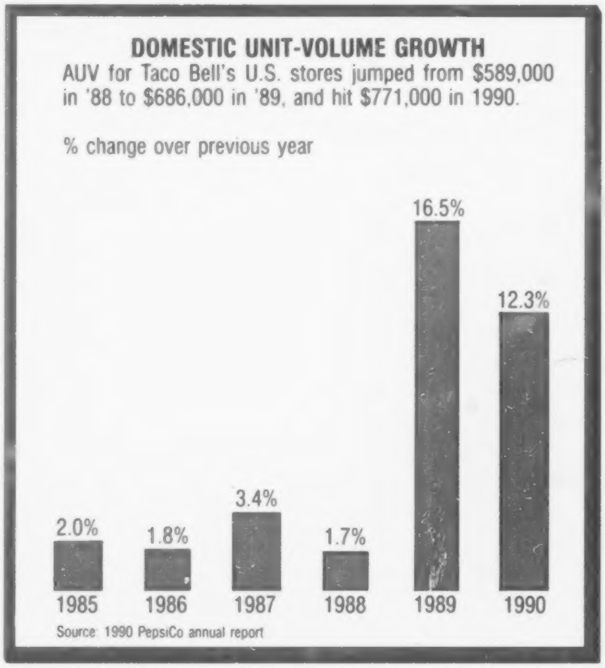
Simplification is moving the chain from a manufacturing to a service model.

continued on page 14


SYSTEMWIDE SALES

1990 sales at Taco Bell show the continuing power of the value menu, introduced in late '88 and expanded in '89.

Source: 1990 PepsiCo annual report


DOMESTIC UNIT-VOLUME GROWTH

AUV for Taco Bell's U.S. stores jumped from $589,000 in '88 to $686,000 in '89, and hit $771,000 in 1990.

Source: 1990 PepsiCo annual report

400: PROFILE

> “We didn't split the atom or discover a new planet. All we did was listen to the customer.”

continued from page 11

Somewhere in Connecticut, customers now eat tacos made from scratch with perfect consistency by a four-foot-square, coffee-table-high, computerized machine, at the rate of 1,200 wrapped tacos an hour. The machine is a taco factory in a box. Meat always comes out at exactly 165F, and cheese and lettuce at 40F to 43F. The shells are always intact; the finished product always weighs precisely 3¾ oz.; and the customer, Martin hopes, will always be satisfied.

"You can put seats around that box and call it a restaurant," Martin says. "Or you can put it in Dodger Stadium and have someone handing out the tacos. You can put it in a plant cafeteria, or a hospital, or in the galley of an airplane. But you don't have to get hung up on bricks and mortar."

The need to get away from fixed distribution channels also set the company looking for a good double-drive-thru chain, after twice failing to develop a workable system of its own. The company found what it wanted in Hot 'N Now, a 77-unit hamburger concept based in Kalamazoo, Mich. Before Hot 'N Now, Taco Bell had tried twice to come up with its own acceptable double-drive-thru design; now the chain owns blueprints to a system with superior customer contact and a 15-second service time at peak periods. "We're two years ahead of where we would have been without the Hot 'N Now buy," Martin says.

The fate of the existing Hot 'N Now burger units remains officially undecided at press time. But there's a strong chance Taco Bell may pick up the cape and step into the hamburger *corrida* to fight the bulls of the drive-thru burger segment—including the biggest bull of all, McDonald's.

But on its own, Taco Bell is giving McDonald's a run for its money. Customer frequency now is equal to that of the No. 1 burger chain, Martin says, and Taco Bell comes "darn close" to McDonald's traffic counts. Domestic company-store AUV, now about $900,000, is far below McDonald's $1.6 million company-store AUV. But as Martin points out, McDonald's sells breakfast, and Taco Bell does not—yet. The chain expects to roll its first breakfasts next year, and Martin says that could bring company-store volumes up to $1.2 million. Small wonder that McDonald's is preparing to mount a border raid this summer with chicken fajitas and breakfast burritos.

"Some friends blame me for ruining the fast-food business with the value thing," Martin says. "But I think Taco Bell has *saved* fast food by bringing it back to its roots. McDonald's did that to A&W and Howard Johnson 35 years ago, and someone was bound to do it to McDonald's. We did it early enough to give those who want to come along a chance to get back on track and be successful again."

—Brian Quinton

By shrinking kitchens and simplifying preparation, Martin is cutting overhead—and in the process, shifting Taco Bell from a manufacturing to a retail operation.

NOW! 3 VALUE MENUS
59c
79c
99c
99c

A QUESTION OF VALUES

Value pricing wasn't invented by Taco Bell, of course; White Castle has thrived on low-priced hamburgers for 70 years, and Wendy's Super Value menu has contributed to that chain's recent upturn.

But Taco Bell's phenomenal success has motivated even McDonald's to budge from its traditional no-price-cutting ways. Last November, the Oak Brook, Ill.-based giant rolled out a "Real Value Menu" of long-term price reductions on basic items such as plain hamburgers, breakfast sausage biscuits and small shakes. Franchisees in the hot Southern California market opted for even deeper price cuts across a broader menu. (Local Taco Bells responded by lopping another 20 cents off tacos.)

Other chains are defending their margins by limiting price cuts to combo meals or point-of-purchase specials. Carl's Jr.'s $1.79 burger also sells in a less garnished version for 99 cents. And Burger King is counting on special meal combos and its downsized Burger Buddy hamburger pair to catch a share of the cost-conscious market.

THE YEAR OF LIVING DANGEROUSLY

***R&I*'s 400 companies pull through a tough year to post $134 billion in sales—a 5.5% gain over 1989 results.**

In a tough economic year that brought many dangerously close to the brink, *Restaurants & Institutions'* 400 companies once again proved they are the big engine that drives the industry. While the industry generated 1990 sales of $238 billion, *R&I*'s ranking of the 400 largest foodservice operators shows their sales accounted for 56% of that, or $133.9 billion.

Compared to the last year's 400, this year's companies posted total growth of $7 billion, or 5.5%. This puts the 400 slightly ahead of the total industry, which registered a 5.4% gain. A 23.3% drop on the part of the U.S. Department of Agriculture, which has a sales base of $2.2 billion, was the key number that prevented an even stronger showing by 400 companies.

Other organizations struggled as well. More than 100 companies reported negative sales numbers, while 29 saw no growth at all. This left 270 companies with positive numbers. All of the top 10 managed nominal growth, from a high of 19.8% by Pizza Hut to a 1.1% gain for Wendy's.

There also have been some changes to the top 10. Hardee's, on the strength of higher unit volumes and its '90 purchase of Roy Rogers, takes over the No. 5 position from Marriott Management Services, and becomes the third-place burger chain. ARA advances three notches, also passing Marriott.

The PepsiCo restaurant companies, Pizza Hut, KFC and Taco Bell, make impressive gains and total $13 billion in sales. In addition, top-10 newcomer Taco Bell set an industry trend with its successful value menu.

Other big winners include Rally's, which expanded from 202 to 264 units and almost doubled sales from $102 to $176 million, Häagen-Dazs and Restaura. In many cases, as in Busch Entertainment's purchase of Sea World and related theme parks from HBJ, growth came through acquisition.

The cutoff for this year's ranking was $32 million, up from $29 million last year. Six companies tied at $32 million, including Arthur Treacher's and Sisters Chicken and Biscuits.

—Michael Bartlett

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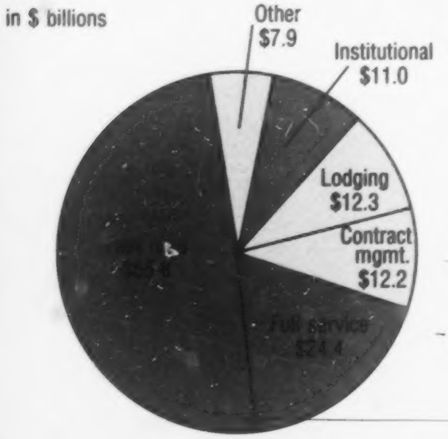
R&I 400 SALES BY SEGMENT

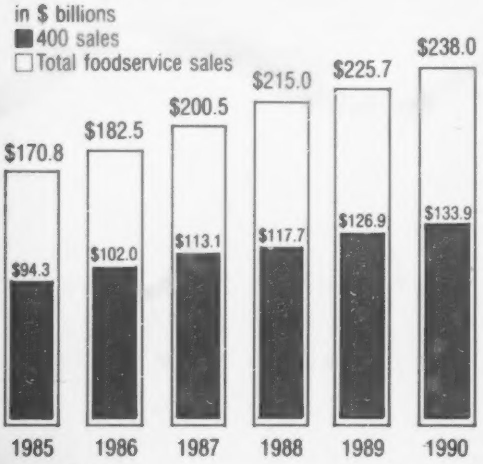
Quick service is the best-represented segment in the 400: 89 firms account for $65.8 billion in sales volume.



Source: 1991 *R&I* 400

R&I 400 AND THE INDUSTRY

The organizations in the current *R&I* 400 ranking did about 56% of all foodservice business last year.



Source: 1991 *R&I* 400

RULES OF THE RANKING

R&I presents its 27th annual ranking of the top 400 brand names in foodservice.

This year's *R&I* 400 ranking offers more statistical information than ever about the top foodservice players, in what we hope is a more readable and more useful format. Three pages of "Highlights," which follow the rankings, summarize individual companies' activities over the past year. This section takes the place of the comments that in the past have accompanied our ranking statistics.

SALES & UNITS

Sales and unit figures include all stores in a system—company-owned and franchised, domestic and foreign. Sales figures do not include licensing fees, royalties, or revenue from distribution or equipment divisions. Average unit sales volume (*AUV*) is based on sales of comparable units; *NA* means a figure was not applicable to that company, for instance, because it runs diverse operations. Sales totals are expressed in millions; AUVs, in thousands.

R&I does not list franchisees separately in the 400 since their sales and units are included in their franchisors' systemwide totals. Companies that merged or were acquired during 1990 are listed separately if they were independent for more than half the year.

Since institutions commonly sell food at a lower markup than commercial operators, *R&I* applies a multiplier of 2.8 to its F&B purchases to arrive at a commercial sales equivalent (indicated by † in the table). The 2.8 factor translates into a food cost of about 35.5%—midway between those of fast-food and full-service restaurants.

Where companies do not provide sales or do not break out figures for individual concepts, *R&I* editors estimate them. All figures marked with one asterisk (*) are *R&I* estimates. Figures followed by two asterisks (**) are estimates or projections by the companies themselves.

In cases where two or more companies supplied the same sales figures, actual numbers take priority over company estimates, which in turn precede *R&I* estimates. Companies still tied after these determinants are listed in alphabetical order.

Previous-year sales information is provided only for companies in the 400 last year. (Newcomers are indicated by a dash in the parentheses under present rank.)

FISCAL YEAR

Sales figures cover either calendar '90 or a fiscal year (*FY*) ending after June '90 and before July '91. To the extent possible, unit figures given are for the same time span as the sales data.

OWNERSHIP

As it has done for the last two years, the 400 ranking breaks out concepts individually instead of putting them under the umbrella of a parent company (*PC*). This allows the list to track the growth of "brand names" like Jack In The Box and Ruby Tuesday rather than simply report the aggregate results of all Foodmaker or Morrison concepts. Parent companies at press time are named in the table.

Publicly held companies are listed with the exchange on which their stock is traded: *NYSE* for the New York Stock Exchange; *AMEX*, American Stock Exchange; and *OTC*, over-the-counter NASDAQ market.

Privately held companies are so noted.

Government institutions such as school systems, state hospitals or prison systems, are indicated by a dash.

FOOTNOTES

The notation (A) indicates that a company's sales, units or rank cannot legitimately be compared to last year's figures—for example, when a multiconcept company reorganizes its divisions. The footnote (B) indicates that a company used a new method of reporting that makes comparison with last year's results invalid, such as a switch from a calendar to a fiscal year. The note (C) indicates that a company provided actual figures for company-owned stores and estimated franchised stores, while (R) indicates a revision in a figure published in last year's 400—usually because a company has replaced an estimate with exact figures.

—The Editors

400: RANKING

Rank '91 ('90)	Company Headquarters	Segment	'90 sales ('89 sales) in $ millions	% change sales	'90 units ('89 units)	% change units	AUV in $ thousands	FY ends	Ownership
1 (1)	**McDonald's** Oak Brook, Ill.	FF hamburgers	**18,758.9** **(17,333.4)**	8.2	**11,803** **(11,162)**	5.7	1,560	12/90	Public/NYSE
2 (2)	**Burger King** Miami, Fla.	FF hamburgers	**6,100.0** **(5,700.0**)**	7.0	**6,200** **(6,051)**	2.5	1,000	10/90	PC: Grand Metropolitan PLC
3 (3)	**Kentucky Fried Chicken** Louisville, Ky.	FF chicken	**5,773.0** **(5,310.0)**	8.7	**8,187** **(7,945)**	3.0	604	12/90	PC: PepsiCo Inc.
4 (4)	**Pizza Hut** Wichita, Kan.	FF pizza	**4,500.0** **(4,090.5*)**	19.8	**8,040** **(7,410)**	8.5	700	12/90	PC: PepsiCo Inc.
5 (7)	**Hardee's** Rocky Mount, N.C.	FF hamburgers	**3,158.1*** **(2,921.3*)**	8.1	**3,622*** **(3,231)**	12.1	940	12/90	PC: Imasco Ltd.
6 (6)	**Wendy's International** Dublin, Ohio	FF hamburgers	**3,070.3** **(3,036.0)**	1.1	**3,727** **(3,755)**	−0.7	811	12/90	Public/NYSE
7 (10)	**ARA Services** Philadelphia, Pa.	Contract mgmt.	**2,700.0** **(2,500.0)**	8.0	**2,600** **(2,600)**	0.0	NA	12/90	Privately held
8 (5)	**Marriott Management Services** Washington, D.C.	Contract mgmt.	**2,700.0** **(2,500.0†*)**	8.0	**2,388** **(2,390R)**	−0.1	NA	12/90	PC: Marriott Corp.
9 (9)	**Domino's Pizza** Ann Arbor, Mich.	FF pizza	**2,650.0** **(2,500.0)**	6.0	**5,376** **(5,220)**	3.0	505	12/90	Privately held
10 (12)	**Taco Bell** Irvine, Calif.	FF Mexican	**2,400.0** **(2,129.5*)**	12.7	**3,273** **(3,125)**	4.7	771	12/90	PC: PepsiCo Inc.
11 (11)	**Dairy Queen** Bloomington, Minn.	FF sweets	**2,316.3*** **(2,179.0)**	6.3	**5,207** **(5,206)**	0.0	NA	11/90	Public/OTC
12 (8)	**USDA Food & Nutrition Services** Washington, D.C.	Institutions	**2,115.8†** **(2,757.9†)**	−23.3	**91,493** **(91,493)**	0.0	NA	12/90	—
13 (16)	**Red Lobster** Orlando, Fla.	FS seafood	**1,600.0*** **(1,468.2*)**	9.0	**610*** **(563*)**	8.3	NA	5/91	PC: General Mills
14 (13)	**Sheraton** Boston, Mass.	Lodging	**1,600.0** **(1,557.7)**	2.7	**1,600** **(1,718)**	−6.9	NA	12/90	PC: ITT Corp.
15 (19)	**Denny's** Spartanburg, S.C.	FS family dining	**1,528.9** **(1,405.3R)**	8.8	**1,358** **(1,342)**	1.2	1,140	12/90	PC: TW Services Inc.
16 (18)	**Arby's** Atlanta, Ga.	FF sandwiches	**1,430.0** **(1,300.0)**	10.0	**2,420** **(2,247)**	7.7	NA	12/90	PC: DWG Enterprises
17 (14)	**U.S. Army Center of Excellence, Subsistence**, Fort Lee, Va.	Military	**1,429.0†** **(1,386.0†)**	3.1	**995*** **(936)**	6.3	NA	9/90	—
18 (29)	**Little Caesars Pizza** Detroit, Mich.	FF pizza	**1,400.0** **(1,130.0)**	23.9	**3,173** **(2,700)**	17.5	NA	12/90	Privately held
19 (15)	**Canteen** Spartanburg, S.C.	Contract mgmt.	**1,370.0** **(1,369.9)**	0.0	**1,632** **(1,972)**	−17.2	NA	12/90	PC: TW Services Inc.
20 (17)	**Marriott Lodging Division** Washington, D.C.	Lodging	**1,363.4*** **(1,284.0*)**	6.2	**766*** **(738*)**	3.8	NA	12/90	PC: Marriott Corp.
21 (26)	**Caterair International** Potomac, Md.	Transportation	**1,162.0†** **(900.0)**	29.1	**114** **(100)**	14.0	NA	12/90	Privately held
22 (22)	**Hilton Hotels** Beverly Hills, Calif.	Lodging	**1,122.0** **(1,094.0)**	2.6	**1,200** **(1,213)**	−1.1	NA	12/90	Public/NYSE
23 ([illegible])	**Subway** Milford, Conn.	FF sandwiches	**1,100.0** **(800.0)**	37.5	**5,380** **(4,091)**	31.5	250	12/90	PC: Doctors Associates Inc.
24 (21)	**Service America** Stamford, Conn.	Contract mgmt.	**1,100.0** **(1,100.0)**	0.0	**1,650** **(1,500)**	10.0	NA	12/90	Privately held
25 ([illegible])	**Big Boy** Warren, Mich.	FS family dining	**1,000.0** **(1,009.0)**	−0.9	**950** **(924)**	2.8	NA	12/90	PC: Elias Bros Restaurants Inc.

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400: RANKING

Rank '91 ('90)	Company Headquarters	Segment	'90 sales ('89 sales) in $ millions	% change sales	'90 units ('89 units)	% change units	AUV in $ thousands	FY ends	Ownership
26 (30)	**Shoney's Restaurants** Nashville, Tenn.	FS family dining	**993.3 (896.6^{A})**	10.7	**735 (680)**	8.1	1,500	10/90	Public/NYSE
27 (25)	**U.S. Navy Food Service Systems** Washington, D.C.	Military	**954.8† (904.4†)**	5.6	**680 (691)**	−1.6	NA	9/90	—
28 (31)	**Jack In The Box** San Diego, Calif.	FF hamburgers	**943.0 (833.9)**	13.1	**1,035 (986)**	5.0	NA	12/90	PC: Foodmaker Inc.
29 (24)	**Sizzler Restaurants Intl.** Los Angeles, Calif.	FS steakhouses	**916.7 (925.0**)**	−0.9	**662 (652**)**	1.5	1,600	12/90	Public/OTC
30 (27)	**Dunkin' Donuts** Randolph, Mass.	FF sweets	**913.0 (880.0)**	3.8	**1,747 (1,900)**	−8.1	472	2/91	PC: Allied-Lyons PLC
31 (29)	**Hyatt Hotels** Chicago, Ill.	Lodging	**912.8* (863.9*)**	5.7	**380* (350**)**	8.6	NA	12/90	Privately held
32 (28)	**Holiday Inn Hotels** Atlanta, Ga.	Lodging	**869.0* (869.0**)**	0.0	**2,700** (2,786**)**	−3.1	NA	12/90	PC: Bass PLC
33 (33)	**Long John Silver's Seafood Shoppes** Lexington, Ky.	FF seafood	**781.6** (783.1**)**	−0.2	**1,446 (1,490)**	−3.0	539	6/91	PC: Jerrico Inc.
34 (A)	**Choice Hotels** Silver Spring, Md.	Lodging	**750.0 (—)**	—	**998 (—)**	—	NA	12/90	PC: Manor Care Inc.
35 (34)	**7-Eleven** Dallas, Texas	C-stores	**731.7 (726.5**)**	0.7	**6,500 (7,000*)**	−7.1	1,001	12/90	PC: The Southland Corp.
36 (34)	**Ponderosa** Dayton, Ohio	FS steakhouses	**699.0 (779.0*)**	−10.3	**760 (735)**	3.4	NA	12/90	PC: Metromedia Corp.
37 (36)	**Baskin-Robbins Ice Cream** Glendale, Calif.	FF sweets	**671.1* (676.4*)**	−0.8	**3,318 (3,351)**	−1.0	NA	12/90	PC: Allied-Lyons PLC
38 (38)	**Days Inns of America** Atlanta, Ga.	Lodging	**661.9* (610.0)**	8.5	**1,112 (951)**	16.9	NA	12/90	Privately held
39 (52)	**The Olive Garden** Orlando, Fla.	FS Italian	**644.6* (466.2*)**	38.3	**270* (208*)**	29.8	2,700	5/91	PC: General Mills
40 (37)	**Army & Air Force Exchange Service** Dallas, Texas	Military	**636.7† (618.2†)**	3.0	**2,633 (2,173)**	21.2	NA	12/90	—
41 (39)	**Morrison's Custom Management** Mobile, Ala.	Contract mgmt.	**602.0 (580.0**)**	3.8	**693 (892)**	−22.3	NA	5/91	Public/OTC
42 (45)	**Carl's Jr.** Anaheim, Calif.	FF hamburgers	**578.4 (550.1^{R})**	5.2	**578 (541)**	7.9	1,100	1/91	Public/OTC
43 (44)	**Popeyes Famous Fried Chicken** Jefferson, La.	FF chicken	**547.0 (525.0)**	4.2	**786 (739)**	6.4	714	12/90	PC: A. Copeland Enterprises
44 (42)	**Westin Hotels and Resorts** Seattle, Wash.	Lodging	**525.0 (541.1*)**	−3.0	**468 (495^{B})**	−5.5	NA	12/90	PC: Aoki Corp.
45 (41)	**Friendly Ice Cream** Wilbraham, Mass.	FS family dining	**520.0 (560.0**)**	−7.1	**799 (820)**	−2.6	640	12/90	PC: Tennessee Restaurant Co.
46 (40)	**Bonanza Restaurants** Dallas, Texas	FS steakhouses	**515.0 (579.0)**	−11.1	**483 (575)**	−16.0	NA	2/91	PC: Metromedia Steakhouses Inc.
47 (47)	**Inter-Continental Hotels** Montvale, N.J.	Lodging	**514.1 (475.0)**	8.2	**425 (424**)**	0.2	NA	12/90	PC: Saison Holdings B.V.
48 (43)	**Church's Chicken** Jefferson, La.	FF chicken	**514.0 (530.0)**	−3.0	**1,163 (1,111)**	4.7	440	12/90	PC: A. Copeland Enterprises
49 (50)	**T.G.I. Friday's** Dallas, Texas	FS dinner houses	**506.7 (400.6)**	26.5	**167 (145)**	15.2	3,400	12/90	PC: Carlson Hospitality Group
50 (46)	**Walt Disney** Burbank, Calif.	Recreation	**506.0 (490.0)**	3.3	**209 (206)**	1.5	NA	12/90	Public/NYSE

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400: RANKING

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51 (55)	**Perkins Family Restaurants** Memphis, Tenn.	FS family dining	471.2 (423.0)	11.4	393 (371)	5.9	1,340	12/90	PC: Tennessee Restaurant Co.
52 (50)	**Ogden Services** New York, N.Y.	Contract mgmt.	465.0 (445.0**)	4.5	75 (75)	0.0	NA	12/90	Public/NYSE
53 (49)	**Bennigan's Restaurants** Dallas, Texas	FS dinner houses	461.0 (459.0)	0.4	223 (223)	0.0	NA	12/90	PC: S&A Restaurant Corp.
54 (51)	**Dobbs International Services** Memphis, Tenn.	Transportation	460.0†* (442.1†*)	4.0	52 (51)	2.0	NA	12/90	PC: The Dial Corp
55 (54)	**Chi-Chi's** Louisville, Ky.	FS Mexican	458.9 (430.5)	6.6	222 (208)	6.7	2,542	9/90	PC: Foodmaker Inc.
56 (58)	**Sonic Industries** Oklahoma City, Okla.	FF hamburgers	454.6 (410.0)	10.9	1,043 (1,011)	3.2	446	8/90	Privately held
57 (48)	**Western Sizzlin' Steak House** Dallas, Texas	FS steakhouses	445.0 (465.0)	−4.3	440 (515)	−14.6	942	12/90	Privately held
58 (61)	**Captain D's Restaurants** Nashville, Tenn.	FS seafood	412.1 (392.0)	3.6	629 (607)	3.6	667	10/90	PC: Shoney's Inc.
59 (77)	**U.S. Air Force Engineering and Services Ctr.**, Tyndall AFB, Fla.	Military	408.0† (295.4†)	38.1	595 (615)	−3.3	NA	9/90	—
60 (66)	**Morrison Family Dining Div.** Mobile, Ala.	Cafeterias	397.0 (368.0**)	7.9	172 (175)	−1.7	1,900	5/91	PC: Morrison Inc.
61 (63)	**El Torito Restaurants** Irvine, Calif.	FS Mexican	397.0 (379.0)	4.7	180 (180)	0.0	2,300	12/90	PC: Restaurant Ent. Group Inc.
62 (65)	**Chili's Grill & Bar** Dallas, Texas	FS dinner houses	387.5** (371.3*)	4.4	246* (194*)	26.8	2,275	6/91	PC: Brinker Intl.
63 (56)	**Sky Chefs** Dallas/Fort Worth Airport, Texas	Transportation	385.6Z (415.0Z)	−7.1	39 (41)	−4.9	NA	12/90	PC: Onex Capital Corp.
64 (67)	**International House of Pancakes Restaurants**, Glendale, Calif.	FS family dining	384.0 (359.0)	7.0	490 (480)	2.1	784	1/91	Privately held
65 (71)	**Radisson Hotels** Minneapolis, Minn.	Lodging	380.0 (325.0)	16.9	415 (360)	15.3	NA	12/90	PC: Carlson Hospitality Group
66 (64)	**Seiler/FDI** Waltham, Mass.	Contract mgmt.	376.1* (376.1†*)	0.0	477 (487)	−2.1	NA	12/90	PC: Sodexho
67 (73)	**Bob Evans Farms** Columbus, Ohio	FS family dining	358.0* (310.0)	15.5	241 (232)	3.9	NA	12/90	Public/OTC
68 (53)	**Golden Corral** Raleigh, N.C.	FS steakhouses	353.7* (431.4)	−18.0	404 (494)	−18.2	NA	12/90	PC: Investors Mgmt. Corp.
69 (74)	**TCBY Enterprises** Little Rock, Ark.	FF sweets	343.0 (303.0)	13.2	1,847 (1,627)	13.5	199	11/90	Public/NYSE
70 (62)	**United Airlines** Elk Grove Village, Ill.	Transportation	332.8† (383.2†)	−13.2	17 (14)	21.4	NA	12/90	PC: UAL Inc.
71 (78)	**Ryan's Family Steak Houses** Greer, S.C.	FS steakhouses	331.0 (295.2)	12.1	159 (143)	11.2	2,300	12/90	Public/OTC
72 (70)	**K mart** Troy, Mich.	Retail	326.0 (328.0)	−0.6	1,800 (1,737)	3.6	1,800	12/90	Public/NYSE
73 (96)	**U.S. Marine Corps** Washington, D.C.	Military	322.2† (252.2†)	27.8	104 (107)	−2.8	NA	9/90	—
74 (82)	**New York City Board of Education** Long Island City, N.Y.	Schools	322.0†** (282.8†**)	13.9	1,262 (1,247)	1.2	NA	6/91	—
75 (86)	**White Castle System** Columbus, Ohio	FF hamburgers	321.0 (278.4)	15.3	261 (252)	3.6	1,192	12/90	Privately held

*R&I estimate; **company est.; †commercial equiv.; (A) no comparison with previous-year data possible; (B) adjusted reporting method; (R) revised

400: RANKING

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76 **(80)**	**Luby's Cafeterias** San Antonio, Texas	Cafeterias	**320.0** **(291.5)**	9.8	**141** **(127)**	11.0	2,400	12/90	Public/NYSE
77 **(69)**	**Rax Restaurants** Columbus, Ohio	FF sandwiches	**319.2** **(334.6)**	−4.6	**454** **(492)**	−7.7	658	7/90	Privately held
78 **(79)**	**Round Table Pizza** San Francisco, Calif.	FF pizza	**311.0** **(295.0)**	5.4	**563** **(551)**	2.2	557	12/90	Privately held
79 **(111)**	**Restaura** Phoenix, Ariz.	Contract mgmt.	**300.0[B]** **(200.0)**	50.0	**300** **(300)**	0.0	666	12/90	PC: The Dial Corp.
80 **(97)**	**Hyatt International** Chicago, Ill.	Lodging	**299.0**** **(242.0)**	23.6	**185**** **(207**)**	−10.6	NA	12/90	Privately held
81 **(87)**	**Ramada Hotels** Phoenix, Ariz.	Lodging	**295.1*** **(271.9*)**	8.5	**480*** **(117*)**	310.3	NA	12/90	PC: Hospitality Franchise Sys.
82 **(90)**	**Chick-fil-A** Atlanta, Ga.	FF chicken	**293.7** **(263.8)**	11.3	**441** **(411)**	7.3	681	12/90	Privately held
83 **(86)**	**Wal-Mart Stores** Bentonville, Ark.	Retail	**290.5*** **(273.8*)**	6.1	**1,229** **(1,095)**	12.2	NA	12/90	Privately held
84 **(84)**	**Waffle House** Norcross, Ga.	FS family dining	**287.8*** **(279.6*)**	2.9	**702** **(701)**	0.1	NA	12/90	Privately held
85 **(93)**	**The Ground Round** South Weymouth, Mass.	FS dinner houses	**284.0** **(262.7)**	8.1	**199** **(196)**	1.5	1,400	12/90	PC: Intl. Protein Inc.
86 **(81)**	**Furr's/Bishop's Cafeterias** Lubbock, Texas	Cafeterias	**282.9** **(291.0)**	−2.8	**157** **(156)**	0.6	1,840	12/90	Public/NYSE
87 **(92)**	**Quincy's Family Steakhouses** Spartanburg, S.C.	FS steakhouses	**281.5** **(263.3)**	6.9	**212** **(213)**	−0.5	1,300	12/90	PC: TW Holdings Inc.
88 **(83)**	**National Medical Enterprises** Santa Monica, Calif.	Health care	**280.0†** **(280.0†)**	0.0	**675** **(658)**	2.6	NA	12/90	Public/NYSE
89 **(72)**	**Piccadilly Cafeterias** Baton Rouge, La.	Cafeterias	**280.0**** **(278.0**)**	0.7	**143** **(145)**	0.7	2,000	6/91	Public/OTC
90 **(95)**	**Dept. of Veterans Affairs** Washington, D.C.	Military	**266.0†** **(258.2†)**	3.0	**172** **(172)**	0.0	NA	9/90	—
91 **(107)**	**ServiceMaster** Downers Grove, Ill.	Contract mgmt.	**264.0** **(219.0)**	20.5	**305** **(273)**	11.7	NA	12/90	Privately held
92 **(98)**	**California Dept. of Corrections** Sacramento, Calif.	Institutions	**263.2†** **(240.0†)**	9.7	**238** **(202)**	17.8	NA	12/90	—
93 **(99)**	**Marie Callender's** Orange, Calif.	FS family dining	**260.0** **(239.0)**	8.8	**160** **(159)**	0.6	1,600	12/90	PC: Wilshire Restaurant Group
94 **(60)**	**Roy Rogers** Rocky Mount, N.C.	FF sandwiches	**250.8*** **(400.0*)**	−37.3	**400*** **(638*)**	−37.3	NA	12/90	PC: Imasco Ltd.
95 **(105)**	**Bakers Square** Matteson, Ill.	FS family dining	**250.0** **(221.0)**	13.1	**165** **(161)**	2.5	NA	10/90	PC: VICORP Restaurants
96 **(113)**	**Sbarro** Commack, N.Y.	FF Italian	**249.0** **(196.0)**	27.0	**457** **(384)**	19.0	555	12/90	Public/AMEX
97 **(89)**	**Trans World Airlines** New York, N.Y.	Transportation	**244.0†*** **(267.0†)**	−8.6	**3** **(3)**	0.0	NA	12/90	Public/NYSE
98 **(88)**	**Beverly Enterprises** Pasadena, Calif.	Health care	**242.2†** **(268.8†*)**	−9.9	**862** **(885)**	−2.6	NA	12/90	Public/NYSE
99 **(102)**	**Village Inn Restaurants** Denver, Colo.	FS family dining	**240.2** **(227.3)**	5.7	**228** **(232)**	−1.7	1,082	10/90	PC: VICORP Restaurants Inc.
100 **(A)**	**United Health** Milwaukee, Wis.	Health care	**238.0†** **(—)**	—	**151** **(—)**	—	NA	12/90	Privately held

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101 (75)	**Whataburger** Corpus Christi, Texas	FF hamburgers	235.5* (301.0)	−21.8	374* (438)	−14.6	NA	12/90	Privately held
102 (94)	**Tony Roma's—A Place for Ribs** Dallas, Texas	FS steakhouses	234.0 (260.0*)	−10.0	141 (133)	6.0	1,700	2/91	Privately held
103 (142)	**Applebee's Neighborhood Grill & Bar,** Kansas City, Mo.	FS dinner houses	233.3^{C} (147.7)	58.0	160 (113)	41.6	NA	12/90	Public/OTC
104 (104)	**Godfather's Pizza** Omaha, Neb	FF pizza	229.0** (225.0**)	1.8	525 (507)	3.6	440	5/91	Privately held
105 (101)	**Stouffer Hotels** Solon, Ohio	Lodging	227.5* (227.5*)	0.0	112* (112)	0.0	NA	12/90	PC: Nestle Enterprises Inc.
106 (100)	**Marriott Family Restaurants** Washington, D.C.	FS family dining	225.0* (229.0*)	−1.7	215 (215)	0.0	NA	12/90	PC: Marriott Corp.
107 (^{A})	**Four Seasons Hotels & Resorts** Toronto, Ontario	Lodging	224.0 (—)	—	92 (—)	—	NA	12/90	Privately held
108 (112)	**A&W Restaurants** Livonia, Mich.	FF sandwiches	216.[illegible] (199.2)	8.9	751 (668)	12.4	NA	12/90	PC: Taubman Investment Co.
109 (109)	**Steak & Ale** Dallas, Texas	FS steakhouses	214.0* (215.0)	−0.5	158 (159)	−0.6	NA	12/90	PC: S&A Restaurant Corp.
110 (103)	**Harry M. Stevens** Cranbury, N.J.	Contract mgmt.	210.0 (225.0)	−6.7	29 (32)	−9.4	NA	12/90	Privately held
111 (115)	**ShowBiz Pizza Place/Chuck E. Cheese's,** Irving, Texas	FS pizza	209.8 (195.5)	7.3	258 (257)	0.4	NA	12/90	Public/OTC
112 (132)	**Ruby Tuesday** Mobile, Ala.	FS dinner houses	209.0** (166.0**)	25.9	131 (100)	31.0	1,800	5/91	PC: Morrison Inc.
113 (120)	**Los Angeles Unified School District** Los Angeles, Calif.	Schools	208.6†** (186.9†*)	11.6	684 (684)	0.0	NA	6/91	—
114 (117)	**Houlihan's** Kansas City, Mo.	FS dinner houses	206.1 (190.2)	8.4	76 (69)	10.1	3,100	12/90	PC: Gilbert/ Robinson Inc.
115 (—)	**U.S. Air Force Clubs Branch** Randolph AFB, Texas	Military	203.[illegible]† (202.2†)	0.4	277 (270**)	2.6	NA	9/90	—
116 (118)	**Embassy Suites** Irving, Texas	Lodging	200.0 (190.0)	5.3	105 (99)	6.1	NA	12/90	PC: Promus Cos.
117 (161)	**Trusthouse Forte Food Services** Trumbull, Conn.	Contract mgmt.	200.0 (124.0)	61.3	575 (505)	13.9	NA	1/91	PC: Gardner Merchant Ltd.
118 (114)	**Bally Casino Resorts** Las Vegas, Nev.	Lodging	200.0** (195.5*)	2.3	33 (29*)	13.8	NA	12/90	Public/NYSE
119 (106)	**daka Food Service** Wakefield, Mass.	Contract mgmt.	200.0** (220.0)	−9.1	474 (485)	−2.3	NA	6/90	PC: Daka Intl. Inc.
120 (119)	**Krystal** Chattanooga, Tenn.	FF hamburgers	199.0 (188.3)	5.7	236 (231)	2.2	860	12/90	Privately held
121 (129)	**The Wood Co.** Allentown, Pa.	Contract mgmt.	198.3 (172.7)	14.8	290 (284)	2.1	NA	12/90	Privately held
122 (131)	**Ritz-Carlton Hotels** Atlanta, Ga.	Lodging	195.4* (166.1*)	17.6	76^{B} (42)	81.0	NA	12/90	Privately held
123 (127)	**El Pollo Loco** Irvine, Calif.	FF chicken	194.9 (175.0)	11.4	250 (196)	27.6	906	12/90	PC: TW Services Inc.
124 (116)	**Wyatt Cafeterias** Dallas, Texas	Cafeterias	194.0 (192.0)	1.0	126 (121)	4.1	1,540	12/90	Privately held
125 (108)	**Del Taco** Costa Mesa, Calif.	FF Mexican	191.5* (216.0*)	−11.3	319 (350)	−8.9	NA	12/90	Privately held

R&I estimate company est †commercial equiv. (A) no comparison with previous year data possible (B) adjusted reporting method (C) franchise sales est. (R) revised

400: RANKING

Rank '91 ('90)	Company Headquarters	Segment	'90 sales ('89 sales) in $ millions	% change sales	'90 units ('89 units)	% change units	AUV in $ thousands	FY ends	Ownership
126 (128)	**Carvel** Yonkers, N.Y.	FF sweets	**190.0** **(175.0**)**	8.6	**656** **(700)**	−6.3	270	12/90	PC: Investcorp Inc.
127 (121)	**Stuart Anderson's Restaurants** Los Altos, Calif.	FS steakhouses	**185.3*** **(185.3*)**	0.0	**86** **(86)**	0.0	NA	12/90	PC: American Restaurant Group
128 (146)	**Cracker Barrel Old Country Store** Lebanon, Tenn.	FS family dining	**183.9** **(141.0*)**	30.4	**88** **(73*)**	20.5	2,293	8/90	Public/OTC
129 (122)	**Grandy's** Lewisville, Texas	FF chicken	**183.1** **(181.2)**	1.0	**201** **(203)**	−1.0	911	12/90	PC: American Restaurant Group
130 (110)	**Shakey's** So. San Francisco, Calif.	FS pizza	**180.0** **(202.5)**	−11.1	**374** **(371)**	0.8	655	12/90	PC: Inno-Pacific Holdings Inc.
131 (126)	**Country Kitchen** Minneapolis, Minn.	FS family dining	**177.6** **(175.4)**	1.3	**246** **(254)**	−3.1	740	12/90	PC: Carlson Hospitality Group
132 (179)	**Rally's Hamburgers** Louisville, Ky.	FF hamburgers	**176.9** **(102.0)**	73.4	**264** **(202)**	30.7	NA	12/90	Public/ OTC
133 (123)	**Frisch's Big Boy** Cincinnati, Ohio	FS family dining	**176.0** **(181.0)**	−2.8	**173** **(170)**	1.8	1,165	7/90	Public/AMEX
134 (134)	**Concession Air** Buffalo, N.Y.	Contract mgmt.	**174.0** **(161.2*)**	7.9	**38** **(45)**	−15.6	NA	12/90	PC: Delaware North Cos.
135 (138)	**Fuddruckers** Wakefield, Mass.	FS hamburgers	**171.0** **(155.0)**	10.3	**131** **(115)**	13.9	1,300	6/91	PC: Daka Intl. Inc.
136 (130)	**Sportservice** Buffalo, N.Y.	Contract mgmt.	**169.0** **(168.3*)**	0.4	**170** **(170)**	0.0	NA	12/90	PC: Delaware North Cos.
137 (124)	**Specialty Restaurants** Anaheim, Calif.	FS dinner houses	**167.0** **(178.5*)**	−6.4	**72** **(66)**	9.1	2,500	7/90	Privately held
138 ([illegible]11)	**Circle K Stores** Phoenix, Ariz.	C-stores	**166.3*** **(263.4*)**	−36.9	**4,681** **(4,674)**	0.1	NA	12/90	Privately held
139 (133)	**PoFolks** Nashville, Tenn.	FS family dining	**165.0** **(163.2)**	1.1	**137** **(136)**	0.7	1,200	9/90	Privately held
140 (76)	**Pizza Inns** Dallas, Texas	FS pizza	**165.0** **(300.0**)**	−45.0	**425** **(685)**	−38.0	383	7/90	Privately held
141 (140)	**Braum Ice Cream & Dairy Stores** Oklahoma City, Okla.	FF sweets	**163.8*** **(150.4*)**	8.9	**236** **(230)**	2.6	NA	12/90	Privately held
142 (251)	**Universal Services** Seattle, Wash.	Contract mgmt.	**160.0** **(60.0)**	166.7	**500** **(134)**	273.1	NA	12/90	PC: Intl. Catering Services
143 (139)	**U.S. Army Community & Family Support Centers,** Alexandria, Va.	Military	**157.5†*** **([illegible]55.0†)**	1.6	**575*** **(571)**	0.7	NA	9/90	—
144 (162)	**Mrs. Fields Inc.** Park City, Utah	FF sweets	[illegible] **(123.2*)**	25.6	**600** **(525)**	14.3	NA	12/90	Privately held
145 (236)	**Wawa Inc.** Wawa, Pa.	C-stores	**150.0** **(140.8R)**	6.5	**486** **(480)**	1.3	306	12/90	Privately held
146 (135)	**Mister Donut of America** Minneapolis, Minn.	FF sweets	**150.0** **(160.6)**	−6.6	**504** **(558)**	−9.7	298	2/91	PC: Allied-Lyons Inc.
147 (174)	**Northwest Airlines** Egan, Minn.	Transportation	**149.5†** **(127.2†)**	17.5	**50** [illegible]	0.0	NA	12/90	PC: NWA Inc.
148 (141)	**Brown Derby** Cleveland, Ohio	FS dinner houses	**149.5*** **(149.5)**	0.0	**53*** **(53)**	0.0	NA	12/90	Privately held
149 (143)	**F.W. Woolworth** New York, N.Y.	Retail	**148.4** **(146.9**)**	1.0	**725*** **(755**)**	−4.0	NA	12/90	Public/NYSE
150 (148)	**Club Corp. of America** Dallas, Texas	Contract mgmt.	**147.0** **(139.5)**	5.4	**181** **(174)**	4.0	NA	12/90	Privately held

*R&I estimate **company est. †commercial equiv. (A) no comparison with previous-year data possible. (B) adjusted reporting method. (R) revised

RESTAURANTS & INSTITUTIONS

Rank '91 ('90)	Company Headquarters	Segment	'90 sales ('89 sales) in $ millions	% change sales	'90 units ('89 units)	% change units	AUV in $ thousands	FY ends	Ownership
151 (160)	**Red Robin International** Irvine, Calif.	FS dinner houses	146.0 (124.0)	17.7	68 (58)	17.2	2,200	12/90	PC: Skylark
152 (144)	**Red Lion** Vancouver, Wash	Lodging	146.0 (146.0)	0.0	131 (129)	1.6	6,000	12/90	Public/AMEX
153 (167)	**Old Country Buffets** Eden Prairie, Minn.	Cafeterias	145.2 (115.4)	25.8	94 (78)	20.5	1,943	1/91	Public/OTC
154 (14[illegible])	**Lee's Country Chicken** Nashville, Tenn.	FF chicken	145.0 (145.3)	−0.2	281 (282)	−0.4	520	12/90	PC: Shoney's Inc.
155 (156)	**Chart House Restaurants** Solana Beach, Calif	FS dinner houses	143.2* (131.4)	9.0	65* (60)	8.3	NA	12/90	PC: CHE Inc.
156 (136)	**Western Steer Family Steakhouse Restaurants,** Claremont, N.C.	FS steakhouses	142.4 (160.2)	−11.1	145 (165)	−12.1	930	2/91	PC: WSMP Inc.
157 (151)	**Hospital Corp. of America** Nashville, Tenn	Health care	138.6† (135.7†*)	2.1	128 (131)	−2.3	NA	12/90	Privately held
158 (159)	**Doubletree Hotels** Phoenix, Ariz.	Lodging	138.6* (124.9*)	11.0	100 (100)	0.0	NA	12/90	Privately held
159 (150)	**Papa Gino's of America** Dedham, Mass	FS pizza	138.0 (137.0)	0.7	218 (217)	0.5	NA	12/90	Privately held
160 (155)	**Chicago Board of Education** Chicago, Ill	Schools	138.0†** (131.5†*)	4.9	581 (603)	−3.6	NA	6/91	—
161 (154)	**Mazzio's** Tulsa, Okla.	FS Italian	137.0 (132.0)	3.8	265 (259)	2.3	535	12/90	Privately held
162 (173)	**U.S. Dept. of Justice, Federal Prison System,** Washington, D.C.	Institutions	136.9† (108.8†)	25.8	65 (60)	8.3	NA	12/90	—
163 (149)	**Caesar's World** Los Angeles, Calif.	Lodging	136.0 (139.1)	−2.2	34 (38)	−10.5	NA	12/90	Privately held
164 (183)	**Carrow's Restaurants** Santa Barbara, Calif.	FS family dining	134.9 (122.0)	10.6	108 (106)	1.9	NA	12/90	PC: Restaurant Enterprises Group
165 (147)	**Harrah's Casino Hotels** Reno, Nev.	Lodging	134.8 (140.3)	−3.9	32 (31)	3.2	NA	12/90	Public/NYSE
166 (158)	**Taco John's** Cheyenne, Wyo.	FF Mexican	133.1 (125.1)	6.4	445 (446)	−0.2	NA	12/90	Privately held
167 (153)	**Mr. Gatti's** Kerrville, Texas	FF pizza	130.3* (133.0)	−2.0	300 (303)	−1.0	NA	12/90	PC: LDB Corp.
168 (169)	**Tastee-Freez** Utica, Mich.	FF sweets	130.0 (112.0)	16.1	364 (368)	−1.1	360	12/90	PC: DeNovo Corp.
169 (193)	**Prufrock Restaurants** Dallas, Texas	FS dinner houses	124.4 (93.6*)	32.9	79 (70)	12.9	NA	4/91	PC: Unigate Restaurants Inc.
170 (209)	**Bojangles' Chicken & Biscuits** Charlotte, N.C.	FF chicken	121.0 (—)	—	154 (—)	—	792	12/90	Privately held
171 (171)	**Lyon's Restaurants** Foster City, Calif.	FS family dining	120.5 (110.0**)	9.5	75 (67)	11.9	1,630	12/90	Privately held
172 (—)	**Carnival Cruise Lines** Miami, Fla.	Recreation	120.4* (—)	—	58* (—)	—	NA	12/90	Public/AMEX
173 (213)	**Pizzeria Uno Restaurants** West Roxbury, Mass.	FS pizza	120.2 (80.0)	50.3	85 (63)	34.9	1,650	9/90	Public/AMEX
174 (137)	**Omni Hotels** Hampton, N.H.	Lodging	119.2 (159.6)	−25.3	89 (86)	3.5	NA	12/90	PC: World Intl. Holdings Ltd.
175 (165)	**Blimpie** New York, N.Y.	FF sandwiches	117.0 (120.0)	−2.5	409 (350)	16.9	292	6/91	PC: Astor Restaurant Group

R&I estimate. company est.; †commercial equiv.; (A) no comparison with previous-year data possible. (B) adjusted reporting method. (R) revised.

400: RANKING

Rank '91 ('90)	Company Headquarters	Segment	'90 sales ('89 sales) in $ millions	% change sales	'90 units ('89 units)	% change units	AUV in $ thousands	FY ends	Ownership
176 **(170)**	**Wienerschnitzel** Newport Beach, Calif.	FF sandwiches	**114.9** **(111.0)**	3.5	**288** **(288)**	0.0	NA	12/90	PC: Galardi Group Inc.
177 **(172)**	**JB's Restaurants** Salt Lake City, Utah	FS dinner houses	**114.8** **(109.4)**	4.9	**133** **(119)**	11.8	948	12/90	Public/OTC
178 **(211)**	**Circus Circus Enterprises** Reno, Nev.	Lodging	**112.3** **(81.3)**	38.1	**37** **(28)**	32.1	NA	12/90	Public/NYSE
179 **(164)**	**Kettle Restaurants** Houston, Texas	FS family dining	**108.4*** **(122.0)**	−11.1	**167** **(188)**	−11.2	NA	12/90	Privately held
180 **(195)**	**Steak 'N Shake** Indianapolis, Ind.	FS family dining	**107.6** **(90.6)**	18.8	**117** **(112)**	4.5	844	9/90	PC: Consolidated Products Inc.
181 **(175)**	**Daughters of Charity Health Systems,** St. Louis, Mo.	Health care	**107.5†*** **(106.4†)**	1.0	**40*** **(40)**	0.0	NA	12/90	Privately held
182 **(180)**	**Trusthouse Forte Hotels** El Cajon, Calif.	Lodging	**106.9** **(101.8*)**	5.0	**124** **(118*)**	5.1	NA	12/90	Privately held
183 **(199)**	**Florida Dept. of Corrections** Tallahassee, Fla.	Institutions	**106.4†** **(89.6†*)**	18.8	**127** **(103)**	23.3	NA	12/90	—
184 **(168)**	**El Chico** Dallas, Texas	FS Mexican	**106.4*** **(112.0)**	−5.0	**83** **(90)**	−7.8	NA	12/90	Public/OTC
185 **(—)**	**Royal Caribbean Cruise Line** Miami, Fla.	Recreation	**103.6†** **(—)**	—	**54** **(—)**	—	NA	12/90	Privately held
186 **(166)**	**Navy Resale and Svcs. Support** Staten Island, N.Y.	Military	**102.7†** **(117.6†)**	−12.7	**642** **(569)**	12.8	NA	9/90	—
187 **(187)**	**Dobbs Houses** Memphis, Tenn.	FS family dining	**102.1*** **(99.8)**	2.3	**300** **(287)**	4.5	NA	12/90	PC: The Dial Corp.
188 **(178)**	**Humana** Louisville, Ky.	Health care	**101.9†** **(102.8†)**	−0.9	**81** **(84)**	−3.6	NA	12/90	Public/NYSE
189 **(182)**	**Skipper's** Bellevue, Wash.	FF seafood	**101.2** **(100.7)**	0.5	**215** **(210)**	2.4	500	3/91	PC: National Pizza Co.
190 **(184)**	**Loews Hotels** New York, N.Y.	Lodging	**100.7** **(100.0)**	0.7	**80** **(80)**	0.0	NA	12/90	PC: Loews Corp.
191 **(243)**	**Häagen-Dazs** Teaneck, N.J.	FF sweets	**100.7*** **(63.5*)**	58.6	**377*** **(275*)**	37.1	182	12/90	PC: Grand Metropolitan PLC
192 **(185)**	**Calif. Dept. of Rehabilitation** Sacramento, Calif.	Institutions	**100.0** **(100.0†)**	0.0	**260** **(260)**	0.0	NA	12/90	—
193 **(A)**	**Busch Entertainment** St. Louis, Mo.	Recreation	**100.0*** **(—)**	—	**110*** **(—)**	—	NA	12/90	PC: Anheuser-Busch Inc.
194 **(201)**	**Taco Time** Eugene, Ore.	FF Mexican	**99.0** **(89.0)**	11.2	**373** **(309)**	20.7	NA	9/90	Privately held
195 **(177)**	**Brown's Chicken** Lombard, Ill.	FF chicken	**96.0** **(103.0)**	−6.8	**148** **(150)**	−1.3	650	12/90	Privately held
196 **(196)**	**Professional Food-Service Mgmt.** Jupiter, Fla..	Contract mgmt.	**95.2** **(90.0)**	5.8	**129** **(134)**	−3.7	NA	8/91	Privately held
197 **(191)**	**Fosters Freeze International** Arroyo Grande, Calif.	FF sweets	**95.0** **(96.0)**	−1.0	**180** **(182)**	−1.1	700	12/90	Privately held
198 **(190)**	**Druther's International** Louisville, Ky.	FF hamburgers	**94.0** **(97.0)**	−3.1	**135** **(146)**	−7.5	NA	12/90	PC: Intl. Dairy Queen
199 **(188)**	**Paragon Steakhouse Restaurants** San Diego, Calif.	FS steakhouses	**93.6*** **(98.0)**	−4.5	**50** **(54)**	−7.4	NA	12/90	PC: Kyotaru Ltd.
200 **(207)**	**Houston's Restaurants** Atlanta, Ga.	FS dinner houses	**93.0** **(83.8)**	11.0	**20** **(19)**	5.3	NA	12/90	Privately held

*R&I estimate. company est. †commercial equiv.. (A) no comparison with previous-year data possible. (B) adjusted reporting method. (R) revised

For information General Mills circle 14

400: RANKING

Rank '91 ('90)	Company Headquarters	Segment	'90 sales ('89 sales) in $ millions	% change sales	'90 units ('89 units)	% change units	AUV in $ thousands	FY ends	Ownership
201 (202)	**Guest Services** Fairfax, Va.	Contract mgmt.	93.0 (89.3)	4.1	128 (126)	1.6	NA	12/90	Privately held
202 (336)	**Golden Nugget Casinos** Las Vegas, Nev.	Lodging	92.2 (39.0**)	136.4	18 (18)	0.0	NA	12/90	Privately held
203 (198)	**New York State Dept. of Correctional Services,** Albany, N.Y.	Institutions	92.0† (89.6†)	2.7	67 (65)	3.1	NA	12/90	—
204 (204)	**Lettuce Entertain You Enterprises** Chicago, Ill.	FS dinner houses	91.0* (85.0)	7.1	29 (26)	11.5	NA	12/90	Privately held
205 (197)	**Benihana of Tokyo** Miami, Fla.	FS dinner houses	90.0 (90.0**)	0.0	49 (49)	0.0	NA	12/90	Public/OTC
206 (282)	**Dayton Hudson Department Store** Minneapolis, Minn.	Retail	90.0 (45.0*)	100.0	108 (61)	77.0	NA	12/90	Privately held
207 (194)	**Wometco Food Services** Anderson, S.C.	Contract mgmt.	90.0** (91.5)	−1.6	960 (970)	−1.0	NA	6/91	Privately held
208 (169)	**Orange Julius** Bloomington, Minn.	FF sweets	89.8* (97.1)	−7.5	614 (660)	−7.0	NA	11/90	Privately held
209 (230)	**Dade County Schools** Miami, Fla.	Schools	89.6†** (70.0†**)	28.0	300 (292)	2.7	NA	12/90	—
210 (216)	**TrettCo** Farmington Hills, Mich.	Contract mgmt.	88.7 (78.4)	13.1	122 (107)	14.0	NA	12/90	Privately held
211 (214)	**Garcia's Mexican Restaurants** Scottsdale, Ariz.	FS Mexican	87.5 (79.4)	10.2	53 (48)	10.4	NA	12/90	PC: Famous Restaurants Inc.
212 (317)	**Hooters Restaurants** Atlanta, Ga.	FS dinner houses	85.0 (60.0)	41.7	48 (43)	11.6	1,900	12/90	Privately held
213 (253)	**King's Table Buffets** Bellevue, Wash.	Cafeterias	85.0 (85.0)	0.0	79 (83)	−4.8	1,080	12/90	Privately held
214 (125)	**U.S. Navy Officer's and Enlisted Club System,** Washington, D.C.	Military	84.6† (82.3^{R}†)	2.8	363 (318)	14.2	NA	9/90	—
215 (206)	**Princess Hotels International** New York, N.Y.	Lodging	84.3* (83.9*)	0.5	34 (34)	0.0	NA	12/90	PC: Lonrho PLC
216 (217)	**New York State Office of Mental Health,** Albany, N.Y.	Institutions	84.0† (78.4†**)	7.1	32 (32)	0.0	NA	12/90	—
217 (152)	**Winchell's Donut House** La Mirada, Calif.	FF sweets	80.9* (135.0)	−40.1	385* (650)	−40.8	NA	12/90	PC: Shato Holdings Ltd.
218 (241)	**Huddle House** Decatur, Ga.	FS family dining	80.5* (64.5*)	24.8	198* (170)	16.5	NA	12/90	Privately held
219 (208)	**Six Flags** Arlington, Texas	Recreation	80.5* (83.2*)	−3.2	340* (350*)	−2.9	NA	12/90	Privately held
220 (212)	**Sonny's Real Pit BBQ** Gainesville, Fla.	FS steakhouses	80.3 (80.7)	−0.5	70 (80)	−12.5	NA	12/90	Privately held
221 (224)	**Eat'N Park Restaurants** Pittsburgh, Pa.	FS family dining	80.0 (75.0)	6.7	52 (49)	6.1	1,500	12/90	Privately held
222 (176)	**Howard Johnson** So. Weymouth, Mass.	FS family dining	80.0** (105.0)	−23.8	100 (111)	−9.9	800	12/90	PC: Franchise Associates
223 (227)	**Health Trust** Nashville, Tenn.	Health care	79.5† (72.8†*)	9.2	85 (90)	−5.6	NA	12/90	Privately held
224 (259)	**Mrs. Winner's Chicken & Biscuits** Brentwood, Tenn.	FF chicken	79.0 (75.4)	4.8	116 (120)	−3.3	675	12/90	PC: RTM Inc.
225 ([illegible])	**L&N Seafood Grill** Mobile, Ala.	FS seafood	78.8 (52.8**)	49.2	34 (24)	41.7	2,200	5/91	PC: Morrison Inc.

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400: RANKING

Rank '91 ('90)	Company Headquarters	Segment	'90 sales ('89 sales) in $ millions	% change sales	'90 units ('89 units)	% change units	AUV in $ thousands	FY ends	Ownership
226 (228)	**Michigan Dept. of Corrections** Lansing, Mich.	Institutions	77.6† (70.7†*)	9.8	69 (45)	53.3	NA	12/90	—
227 (*)	**Rusty Pelican Restaurants** San Juan Capistrano, Calif.	FS seafood	76.3 (—)	—	32 (—)	—	2,300	10/90	PC: Green Leaf Ventures
228 (222)	**Adventist Health System** Arlington, Texas	Health care	75.8†* (75.8†*)	0.0	138 (138)	0.0	NA	12/90	Privately held
229 (221)	**The Levy Restaurants** Chicago, Ill.	FS dinner houses	75.0 (70.0)	7.1	36 (35)	2.9	NA	12/90	Privately held
230 (192)	**Swensen's Ice Cream** Andover, Mass.	FS family dining	75.0 (95.0)	−21.1	256 (279)	−8.2	300	12/90	PC: Steve's Ice Cream
231 (223)	**Sir Pizza International** Muncie, Ind.	FF pizza	75.0** (75.0)	0.0	107 (107)	0.0	700	12/90	Privately held
232 (245)	**Pancho's Mexican Buffet** Fort Worth, Texas	FS Mexican	74.5 (63.0)	18.3	67 (63)	6.3	1,108	9/90	Public/OTC
233 (215)	**Valley Innovative Management Services,** Jackson, Miss.	Contract mgmt.	74.4 (79.2†)	−6.1	137 (125)	9.6	NA	12/90	Privately held
234 (233)	**Acapulco Restaurants** Long Beach, Calif.	FS Mexican	74.0 (68.0)	8.8	41 (41)	0.0	1,600	12/90	PC: Kyotaru Ltd.
235 (219)	**Bill Knapp's Michigan** Battle Creek, Mich.	FS dinner houses	73.8* (77.5*)	−4.8	61 (62)	−1.6	NA	12/90	Privately held
236 (202)	**Resorts International** Atlantic City, N.J.	Lodging	72.0 (87.9)	−18.1	23 (26)	−11.5	NA	12/90	Public/AMEX
237 (—)	**Wyndham Hotels & Resorts** Dallas, Texas	Lodging	72.0 (—)	—	35 (—)	—	NA	12/90	Privately held
238 (234)	**Manor Health Care** Silver Spring, Md.	Health care	71.7† (67.2†)	6.7	168 (158)	6.3	NA	12/90	PC: Manor Care Inc.
239 (309)	**New York State Office of Mental Retardation,** Albany, N.Y.	Institutions	70.3† (44.8†)	56.9	20 (17)	17.6	NA	3/91	—
240 (266)	**Au Bon Pain** Boston, Mass.	FS family dining	70.2 (56.0)	25.4	86 (75)	14.7	104	12/90	Privately held
241 (225)	**Prime Motor Inns** Fairfield, N.J.	Lodging	70.0** (75.0)	−6.7	75 (78)	−3.8	NA	12/90	Public/NYSE
242 (235)	**New Jersey Dept. of Corrections** Trenton, N.J.	Institutions	69.7† (66.4†)	5.0	68 (65)	4.6	NA	12/90	—
243 (226)	**Taco Villa** Dallas, Texas	FF Mexican	59.4 (75.0)	−7.5	145 (148)	−2.0	NA	12/90	Privately held
244 (262)	**AMTRAK** Washington, D.C.	Transportation	68.9 (60.0)	14.8	300 (350)	−14.3	NA	12/90	Privately held
245 (242)	**Restaurants Unlimited** Seattle, Wash.	FS dinner houses	68.5 (64.0)	7.0	21 (21)	0.0	3,000	12/90	PC: E.S. Jacobs & Co.
246 (253)	**Target Stores** Minneapolis, Minn.	Retail	67.0 (60.0*)	11.7	420 (403)	4.2	180	12/90	PC: Dayton Hudson
247 (238)	**Fairmont Hotels** San Francisco, Calif.	Lodging	66.3 (65.0)	2.0	23 (23)	0.0	NA	12/90	Privately held
248 (254)	**Togo's Eatery** Campbell, Calif.	FF sandwiches	66.0 (60.0)	10.0	133 (129)	3.1	440	3/91	PC: MTC Management Inc.
249 (298)	**Pennsylvania Dept. of Corrections** Camp Hill, Pa.	Institutions	65.8† (47.6†)	38.2	32 (34)	−5.9	NA	12/90	—
250 (311)	**I Can't Believe It's Yogurt** Dallas, Texas	FF sweets	65.0 (44.6)	45.7	430 (291)	47.8	219	12/90	PC: Brice Foods Inc.

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Rank '91 ('90)	Company Headquarters	Segment	'90 sales ('89 sales) in $ millions	% change sales	'90 units ('89 units)	% change units	AUV in $ thousands	FY ends	Ownership
251 (238)	**Sanese Services** Columbus, Ohio	Contract mgmt.	65.0 (65.0)	0.0	62 (62)	0.0	NA	12/90	Privately held
252 (267)	**K&W Cafeterias** Winston-Salem, N.C.	Cafeterias	65.0** (56.0)	16.1	24 (23)	4.3	2,700	6/91	Privately held
253 (249)	**The Boyd Group** Las Vegas, Nev.	Lodging	64.6 (60.7)	6.4	28 (27)	3.7	NA	12/90	Privately held
254 (262)	**Sirloin Stockade International** Hutchinson, Kan.	FS steakhouses	64.0 (57.3)	11.7	74 (68)	8.8	900	12/90	Privately held
255 (A)	**Trans/Pacific Specialty Restaurants** Irvine, Calif.	FS dinner houses	64.0 (—)	—	35 (—)	—	1,900	3/91	Privately held
256 (285)	**Damon's Inc.** Hilton Head, S.C.	FS barbecue	62.0 (50.0)	24.0	40 (38)	5.3	1,600	12/90	Privately held
257 (246)	**Registry Hotels** Dallas, Texas	Lodging	61.4 (63.0)	−2.5	15 (15)	0.0	NA	12/90	Privately held
258 (248)	**Stuckey's** McLean, Va.	FS family dining	60.7 (61.2)	−0.8	104 (127)	−18.1	580	12/90	Privately held
259 (263)	**Taco Bueno** Dallas, Texas	FF Mexican	60.6 (56.7*)	6.9	110 (110)	0.0	NA	4/91	PC: Casa Bonita Inc.
260 (—)	**Holland America Line** Seattle, Wash.	Recreation	60.2†* (—)	—	52 (—)	—	NA	12/90	PC: Carnival Cruise Line
261 (316)	**O'Charley's** Nashville, Tenn.	FS dinner houses	60.0 (41.6)	44.2	31 (26)	19.2	NA	12/90	Public/OTC
262 (284)	**Ruth's Chris Steak House** New Orleans, La.	FS steakhouses	60.0 (50.0)	20.0	29 (26)	11.5	2,300	12/90	Privately held
263 (261)	**The Original Cookie Company** Cleveland, Ohio	FF sweets	60.0 (58.0)	3.4	250 (250)	0.0	240	12/90	PC: Midial S.A.
264 (255)	**Great American Chocolate Chip Cookie Co.**, Atlanta, Ga.	FF sweets	59.9* (60.0*)	−0.2	330* (300)	10.0	NA	12/90	Privately held
265 (257)	**Veterans Canteen Service** Washington, D.C.	Military	59.9†* (59.9†)	0.0	172 (172)	0.0	NA	9/90	—
266 (271)	**Peter Piper** Phoenix, Ariz.	FF pizza	58.6* (55.2*)	6.2	116 (112)	3.6	NA	12/90	Privately held
267 (244)	**Magic Pan** San Mateo, Calif.	FS dinner houses	58.0 (63.0)	−7.9	54 (48)	12.5	1,600	12/90	PC: Bay Bottlers Ltd.
268 (327)	**Nutrition Management Services** Kimberton, Pa.	Contract mgmt.	58.0 (40.0)	45.0	100 (50)	100.0	NA	6/91	Privately held
269 (247)	**Bombay Bicycle Club** Tarzana, Calif.	FS dinner houses	58.0 (61.3)	−5.4	34 (51)	−33.3	1,400	9/90	PC: Industrial Equity
270 (272)	**Adam's Mark Hotels** St. Louis, Mo.	Lodging	57.0 (55.0)	3.6	33 (28)	17.9	9,000	12/31	Privately held
271 (273)	**Schlotzsky's** Austin, Texas	FF sandwiches	57.0 (55.0)	3.6	238 (245)	−2.9	290	12/90	Privately held
272 (—)	**Hungry Howie's Pizza & Subs** Livonia, Mich.	FF pizza	57.0 (—)	—	177 (—)	—	NA	12/90	Privately held
273 (258)	**McCrory Stores** York, Pa.	Retail	56.8 (59.8**)	−5.0	296 (316)	−6.3	190	12/90	Privately held
274 (268)	**Dept. of Public Welfare, Commonwealth of Pa.**, Harrisburg, Pa.	Institutions	56.0†** (55.8†)	0.4	32 (36)	−11.1	NA	6/91	—
275 (270)	**Pointe Resorts** Phoenix, Ariz.	Lodging	55.4* (55.4*)	0.0	11 (11)	0.0	NA	12/90	Privately held

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400: RANKING

Rank '91 ('90)	Company Headquarters	Segment	'90 sales ('89 sales) in $ millions	% change sales	'90 units ('89 units)	% change units	AUV in $ thousands	FY ends	Ownership
276 (277)	**Restaurant Associates Theme Restaurants,** New York, N.Y.	FS dinner houses	55.2 (52.4)	5.3	18 (21)	−14.3	NA	12/90	PC: Restaurant Associates Corp.
277 (260)	**Hard Rock Cafe America** Los Angeles, Calif.	FS dinner houses	55.0 (58.1**)	−5.3	11 (8)	37.5	6,000	12/90	PC: Mecca Leisure USA
278 (287)	**Red Onion Restaurants** Carson, Calif.	FS Mexican	55.0 (50.0**)	10.0	16 (15)	6.7	3,400	12/90	PC: Intl. Onion Inc.
279 (283)	**Shari's Family Restaurants** Portland, Ore.	FS family dining	55.0 (50.0)	10.0	52 (45)	15.6	1,325	12/90	Privately held
280 (294)	**Soup Exchange** San Diego, Calif.	FS family dining	55.0 (48.0)	14.6	35 (31)	12.9	1,700	12/90	PC: Soup & Salad Systems
281 (280)	**New York City Health & Hospitals** New York, N.Y.	Health care	55.0†* (50.9†)	8.1	17 (17)	0.0	NA	12/90	—
282 (264)	**Carousel Snack Bars of Minnesota** Minneapolis, Minn.	FF sandwiches	54.5 (56.5)	−3.5	270 (275)	−1.8	225	5/91	Privately held
283 (229)	**Ohio Dept. of Rehabilitation & Correction,** Columbus, Ohio	Institutions	53.2†** (70.4†)	−24.4	22 (25)	−12.0	NA	6/91	—
284 (256)	**C.A. Muer Corp** Detroit, Mich.	FS seafood	53.0 (59.0)	−10.2	15 (17)	−11.8	NA	9/90	Privately held
285 (237)	**Charlie Brown's/The Office** Union, N.J.	FS dinner houses	52.1 (65.0)	−19.8	33 (33)	0.0	1,513	9/90	PC: Restaurant Associates
286 (288)	**Legal Sea Foods** Allston, Mass.	FS seafood	52.0 (50.0)	4.0	8 (7)	14.3	6,500	12/90	Privately held
287 (279)	**Trader Vic's** San Francisco, Calif.	FS dinner houses	52.0* (51.0**)	2.0	20 (18)	11.1	NA	12/90	Privately held
288 (278)	**Creative Restaurant Management** Shawnee Mission, Kan.	FS dinner houses	51.5* (51.5)	0.0	22 (21)	4.8	NA	12/90	Privately held
289 (298)	**The Evangelical Lutheran Good Samaritan Society,** Sioux Falls, S.D.	Health care	51.2†* (47.0†)	8.9	209* (204)	2.5	NA	12/90	Privately held
290 (289)	**Emro Marketing** Springfield, Ohio	C-stores	51.1 (50.0)	2.2	878 (860)	2.1	NA	12/90	PC: Marathon Oil Co.
291 (218)	**Mr. Steak** Englewood, Colo.	FS steakhouses	51.0 (78.0)	−34.6	85 (98)	−13.3	700	9/90	PC: JAMCO Ltd.
292 (292)	**The Old Spaghetti Factory** Portland, Ore.	FS Italian	51.0 (48.6)	4.9	36 (32)	12.5	NA	12/90	PC: OSF Intl. Inc.
293 (291)	**School District of Philadelphia** Philadelphia, Pa.	Schools	50.7†** (49.3†**)	2.8	262 (262)	0.0	NA	6/91	—
294 (282)	**California Dept. of Developmental Services,** Sacramento, Calif.	Institutions	50.4† (50.4†**)	0.0	11 (11)	0.0	NA	12/90	—
295 (299)	**U.S. Army Medical Dept.** Falls Church, Va.	Military	50.2†* (46.6†)	7.7	50 (50)	0.0	NA	9/90	—
296 (—)	**Guest Quarters Suite Hotels** Boston, Mass.	Lodging	50.0 (—)	—	30 (—)	—	1,600	12/90	PC: Beacon Hotel Corp.
297 (286)	**Olga's Kitchen** Troy, Mich.	FS family dining	50.0 (50.0)	0.0	53 (53)	0.0	950	12/90	Privately held
298 (334)	**Nordstrom** Seattle, Wash.	Retail	49.7 (39.0)	27.4	69* (61)	13.1	NA	12/90	Privately held
299 (275)	**Showboat** Atlantic City, N.J.	Lodging	49.3 (53.7)	−8.2	12 (12)	0.0	NA	12/90	Public/NYSE
300 (304)	**Southern Foodservice Management** Birmingham, Ala.	Contract mgmt.	49.0 (45.0)	8.9	86 (80)	7.5	NA	12/90	Privately held

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301 (232)	**U.S.M.C. Morale, Welfare & Recreation Support,** Quantico, Va.	Military	**48.7†** **(54.0†)**	−9.8	**364** **(300)**	21.3	NA	12/90	—
302 (305)	**Hamburger Hamlet** Sherman Oaks, Calif.	FS dinner houses	**48.4** **(45.0)**	7.6	**23** **(22)**	4.5	2,300	12/90	Privately held
303 (398)	**Entertainment One** Houston, Texas	FS dinner houses	**48.0** **(29.2)**	64.4	**20** **(18)**	11.1	2,400	12/90	Privately held
304 (220)	**American Medical International** Beverly Hills, Calif.	Health care	**47.8†*** **(76.7†*)**	−37.7	**43** **(69)**	−37.7	NA	12/90	Public/NYSE
305 (—)	**Peasant Restaurants** New York, N.Y.	FS dinner houses	**47.5*** **(—)**	—	**19** **(—)**	—	NA	12/90	Privately held
306 (290)	**Aztar** Phoenix, Ariz.	Lodging	**47.4** **(49.9)**	−5.0	**38** **(47)**	−19.1	NA	12/90	Public/OTC
307 (274)	**Bobby McGee's USA** Phoenix, Ariz.	FS dinner houses	**47.0** **(55.0)**	−14.5	**17** **(19)**	−10.5	2,800	12/90	Privately held
308 (—)	**Guckenheimer** Cupertino, Calif.	Contract mgmt.	**47.0** **(—)**	—	**117** **(—)**	—	NA	7/90	Privately held
309 (293)	**MCL Cafeterias** Indianapolis, Ind.	Cafeterias	**46.8*** **(48.3)**	−3.1	**27** **(27)**	0.0	NA	12/90	Privately held
310 (302)	**Casey's General Store** Des Moines, Iowa	C-stores	**46.5**** **(45.6**)**	2.0	**786** **(762)**	3.1	NA	12/90	Public/OTC
311 (348)	**Cinnabon World Famous Cinnamon Rolls,** Seattle, Wash.	FF sweets	**46.0** **(38.5)**	19.5	**148** **(124)**	19.4	350	12/90	PC: Restaurants Unlimited Inc.
312 (301)	**Life Care Center** Cleveland, Tenn.	Health care	**46.0*** **(45.8*)**	0.4	**124*** **(123)**	0.8	NA	12/90	Privately held
313 (329)	**Hawaii Statewide School System** Honolulu, Hawaii	Schools	**45.9†**** **(40.0†**)**	14.8	**230** **(224)**	2.7	NA	12/90	—
314 (310)	**Health Care & Retirement** Toledo, Ohio	Health care	**45.6†** **(44.8†*)**	1.8	**135** **(130)**	3.8	NA	12/90	Privately held
315 (391)	**Freshens Yogurt** Atlanta, Ga.	FF sweets	**45.0** **(30.0)**	50.0	**241** **(170)**	41.8	230	8/90	PC: Yogurt Ventures Inc.
316 (360)	**Skyline Chili** Cincinnati, Ohio	FS family dining	**45.0** **(34.2)**	31.6	**76** **(79)**	−3.8	592	10/90	Public/OTC
317 (—)	**Doral Hotels & Resorts** New York, N.Y.	Lodging	**45.0** **(—)**	—	**16** **(—)**	—	6,500	12/90	Privately held
318 (261)	**Detroit Public Schools** Detroit, Mich.	Schools	**44.8†**** **(50.4†**)**	−11.1	**246** **(261)**	−5.7	NA	12/90	—
319 (307)	**Velvet Turtle** Los Altos, Calif.	FS dinner houses	**44.6*** **(45.0)**	−.9	**21** **(21)**	0.0	NA	12/90	PC: American Restaurant Group
320 (266)	**Houston Independent School District** Houston, Texas	Schools	**44.2†**** **(56.4†**)**	−21.6	**229** **(227)**	0.9	NA	12/90	—
321 (314)	**Vie de France Bakery & Cafe** McLean, Va.	FS family dining	**44.0** **(43.0)**	2.3	**42** **(58)**	−27.6	NA	7/90	PC: Vie de France Restaurant Corp.
322 (319)	**Jerry's Subs & Pizza** Gaithersburg, Md.	FF sandwiches	**43.5** **(41.0**)**	6.1	**75** **(72)**	4.2	579	3/91	PC: Jerry's Systems
323 (336)	**Bobby Rubino's Place for Ribs** Fort Lauderdale, Fla.	FS steakhouses	**43.4** **(39.0)**	11.3	**20** **(18)**	11.1	2,170	12/90	Privately held
324 (366)	**Bresler's Ice Cream & Yogurt** Des Plaines, Ill.	FF sweets	**43.0** **(35.0)**	22.9	**300** **(300)**	0.0	160	12/90	Privately held
325 (374)	**LaRosa's** Cincinnati, Ohio	FS Italian	**43.0** **(33.0)**	30.3	**49** **(46)**	6.5	NA	12/90	Privately held

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400: RANKING

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326 (—)	**Mr. Philly/Mr. Hero** Independence, Ohio	FF sandwiches	**43.0** **(—)**	—	**125** **(—)**	—	385	12/90	PC: Restaurant Developers Corp.
327 (300)	**Hot Sam/Corn Dog on a Stick** Cleveland, Ohio	FF sweets	**43.0*** **(46.0)**	−6.5	**279** **(297)**	−6.1	NA	12/90	PC: Midial S.A.
328 (—)	**Opryland Hotel** Nashville, Tenn.	Lodging	**43.0** **(—)**	—	**8** **(—)**	—	NA	12/90	Privately held
329 (363)	**Dallas Independent School District** Dallas, Texas	Schools	**42.8†**** **(36.4†**)**	17.6	**193** **(184)**	4.9	NA	6/91	—
330 (308)	**North Carolina Dept. of Corrections** Raleigh, N.C.	Institutions	**42.6†** **(44.8†)**	−4.9	**91** **(98)**	−7.1	NA	7/90	—
331 (346)	**Maid-Rite Products** Des Moines, Iowa	FF sandwiches	**42.5** **(38.0)**	11.8	**170** **(153)**	11.1	250	12/90	Privately held
332 (339)	**Leiserv** Deerfield, Ill.	Recreation	**42.2** **(38.8^{R})**	8.8	**126** **(126^{R})**	0.0	335	12/90	PC: Brunswick Corp.
333 (332)	**Lackmann Food Service** Woodbury, N.Y.	Contract mgmt.	**42.1**** **(39.3)**	7.1	**46** **(46)**	0.0	NA	6/91	Privately held
334 (—)	**Columbia Restaurants** Tampa, Fla.	FS dinner houses	**42.0** **(—)**	—	**10** **(—)**	—	4,200	12/90	Privately held
335 (—)	**National Healthcorp** Murfreesboro, Tenn.	Health care	**42.0†** **(—)**	—	**75** **(—)**	—	NA	12/90	Privately held
336 (315)	**Stouffer Specialty Restaurants** Pepper Pike, Ohio	FS dinner houses	**42.0*** **(42.5*)**	−1.2	**20*** **(20)**	0.0	NA	12/90	PC: Nestlé Ent.
337 (290)	**David's Cookies** Great Neck, N.Y.	FF sweets	**41.7*** **(55.5*)**	−24.9	**238** **(375)**	−36.5	NA	12/90	PC: Specialty Foods Mgmt.
338 (313)	**Country Pride Restaurants** Cleveland, Ohio	FS family dining	**41.6*** **(43.7)**	−4.8	**40** **(42)**	−4.8	NA	12/90	PC: Truckstops of America
339 (328)	**Nathan's Famous** Westbury, N.Y.	FF sandwiches	**41.0** **(40.0**)**	2.5	**64** **(54**)**	18.5	1,300	3/91	Privately held
340 (329)	**Toddle Houses/Steak 'N' Egg** Milford, Conn.	FS family dining	**41.0**** **(41.0)**	0.0	**148** **(152)**	−2.6	NA	12/90	PC: Diversified Hospitality Group
341 (323)	**Amfac Resorts** Flagstaff, Ariz.	Lodging	**40.7*** **(40.7*)**	0.0	**21*** **(21*)**	0.0	NA	12/90	Privately held
342 (322)	**Helmsley Hotels** New York, N.Y.	Lodging	**40.7*** **(40.7*)**	0.0	**15**** **(15**)**	0.0	NA	12/90	Privately held
343 (341)	**Casa Olé Restaurants & Cantinas** Houston, Texas	FS Mexican	**40.5** **(38.5)**	5.2	**36** **(35)**	2.9	1,150	12/90	Privately held
344 (325)	**Two Pesos Mexican Cafes** Houston, Texas	FF Mexican	**40.2** **(40.3)**	−.2	**29** **(28)**	3.6	NA	3/91	Public/AMEX
345 (326)	**Texas Dept. of Corrections** Huntsville, Texas	Institutions	**40.1†*** **(40.1†**)**	0.0	**61*** **(61)**	0.0	NA	12/90	—
346 (337)	**Arctic Circle** Midvale, Utah	FF hamburgers	**40.0** **(39.0)**	2.6	**106** **(99)**	7.1	NA	12/90	Privately held
347 (347)	**Everything Yogurt** Staten Island, N.Y.	FF sweets	**40.0** **(38.0)**	5.3	**315** **(282)**	11.7	375	12/90	Privately held
348 (256)	**Pioneer Chicken** Canoga Park, Calif.	FF chicken	**40.0** **(60.0*)**	−33.3	**150** **(195)**	−23.1	NA	12/90	PC: Pioneer California Chicken
349 (333)	**Sonesta Hotels** Boston, Mass.	Lodging	**40.0** **(39.1*)**	2.3	**30** **(30)**	0.0	NA	12/90	Privately held
350 [illegible]	**Spectrum Restaurants** San Francisco, Calif.	FS dinner houses	**40.0** **(30.5*)**	31.1	**15** **(14)**	7.1	2,500	12/90	PC: American Restaurant Group

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RESTAURANTS & INSTITUTIONS

Rank '91 ('90)	Company Headquarters	Segment	'90 sales ('89 sales) in $ millions	% change sales	'90 units ('89 units)	% change units	AUV in $ thousands	FY ends	Ownership
351 (372)	**Spire's Restaurants** Orange, Calif.	FS dinner houses	40.0 (33.8*)	18.3	22 (21)	4.8	NA	12/90	Privately held
352 (361)	**California Pizza Kitchen** Los Angeles, Calif.	FS pizza	40.0** (35.0)	14.3	19 (12)	58.3	NA	6/91	Privately held
353 (—)	**Miami Subs/Mr. Submarine** Fort Lauderdale, Fla.	FF sandwiches	40.0** (—)	—	55 (—)	—	880	5/91	Public/OTC
354 (—)	**Spaghetti Warehouse** Garland, Texas	FS Italian	40.0** (—)	—	17 (—)	—	2,700	6/91	Public/AMEX
355 (344)	**U.S. Coast Guard** Washington, D.C.	Military	39.8† (38.2†)	4.2	398 (431)	−7.7	NA	12/90	—
356 (—)	**New Jersey Dept. of Human Services,** Trenton, N.J.	Institutions	39.2† (—)	—	14 (—)	—	NA	12/90	—
357 (343)	**Ark Restaurants** New York, N.Y.	FS dinner houses	39.0 (38.4)	1.6	15 (19)	−21.1	NA	9/90	Public/AMEX
358 (377)	**Michigan State University** East Lansing, Mich.	Schools	38.9†** (32.7†**)	19.0	44 (37)	18.9	NA	6/91	—
359 (389)	**Broward County School Board** Fort Lauderdale, Fla.	Schools	38.6†** (30.5†**)	26.6	175 (165)	6.1	NA	6/91	—
360 (342)	**Texas Health Enterprises** Denton, Texas	Health care	38.5†* (38.5†)	0.0	110 (110)	0.0	NA	12/90	Privately held
361 (375)	**In-N-Out Burgers** Baldwin Park, Calif.	FF hamburgers	38.1* (32.9*)	15.8	64 (59)	8.5	NA	12/90	Privately held
362 (3[illegible])	**Palm Restaurants** New York, N.Y.	FS dinner houses	38.0 (35.0)	8.6	11 (12)	−8.3	3,400	12/90	Privately held
363 (370)	**Shells Restaurants** Tampa, Fla.	FS dinner houses	38.0 (34.0)	11.8	28 (25)	12.0	1,400	12/90	Privately held
364 (362)	**King's Family Restaurants** McKeesport, Pa.	FS family dining	38.0** (35.0**)	8.6	22 (22)	0.0	NA	6/91	Privately held
365 (—)	**The Cheesecake Factory** Marina del Rey, Calif.	FS dinner houses	37.5 (—)	—	5 (—)	—	NA	12/90	Privately held
366 (345)	**Pietro's** Linnwood, Wash.	FS pizza	37.5* (38.0)	−1.3	79 (80)	−1.3	NA	12/90	Privately held
367 (355)	**Sandwich Chef** Birmingham, Ala.	FF sandwiches	37.4 (36.0)	3.9	135 (140)	−3.6	NA	7/90	Public/OTC
368 (—)	**Mountain Mike's Pizza** Sacramento, Calif.	FF pizza	37.0 (—)	—	70 (—)	—	520	12/90	PC: Q&S Mgmt.
369 (358)	**Noble Roman's** Indianapolis, Ind.	FS pizza	37.0 (35.7**)	3.6	76 (79)	−3.8	550	12/90	Privately held
370 (357)	**Happy Chef Restaurants** Mankato, Minn.	FS family dining	36.7 (36.0)	1.9	59 (58)	1.7	NA	12/90	Privately held
371 (350)	**Phillips Seafood Restaurants** Baltimore, Md.	FS seafood	36.3 (37.0)	−1.9	6 (6)	0.0	5,500	12/90	Privately held
372 (368)	**Grand American Fare** Santa Monica, Calif.	FS dinner houses	36.0 (34.7)	3.7	32 (32)	0.0	NA	12/90	Privately held
373 (354)	**T.K. Tripps** Greensboro, N.C.	FS dinner houses	36.0* (36.0*)	0.0	24 (24)	0.0	NA	12/90	Privately held
374 (—)	**Lamp Post Pizza** Tustin, Calif.	FF pizza	35.8 (—)	—	64 (—)	—	465	9/90	Privately held
375 (—)	**Checkers of North America** Clearwater, Fla.	FF hamburgers	35.5 (—)	—	70 (—)	—	953	12/90	Privately held

*R&I estimate; **company est.; †commercial equiv.; (A) no comparison with previous-year data possible; (B) adjusted reporting method; (R) revised

400: RANKING

Rank '91 ('90)	Company Headquarters	Segment	'90 sales ('89 sales) in $ millions	% change sales	'90 units ('89 units)	% change units	AUV in $ thousands	FY ends	Ownership
376 (349)	**Carlos Murphy's Restaurants** San Diego, Calif.	FS Mexican	**35.0 (37.0)**	−5.4	**17 (17)**	0.0	2,200	12/90	Privately held
377 (364)	**Elmer's Pancake & Steak House** Portland, Ore.	FS family dining	**35.0 (35.0**)**	0.0	**28 (28)**	0.0	1,250	3/91	Privately held
378 (—)	**The Pasta House** St. Louis, Mo.	FS Italian	**35.0 (—)**	—	**26 (—)**	—	1,400	12/90	Privately held
379 (348)	**Penguin's Frozen Yogurt** Thousand Oaks, Calif.	FF sweets	**35.0 (37.2)**	−5.9	**126 (128)**	−1.6	300	12/90	PC: Bongrain S.A.
380 (296)	**T.J. Cinnamons Bakeries** Kansas City, Mo.	FF sweets	**35.0 (48.0)**	−27.1	**150 (191)**	−21.5	NA	12/90	PC: Signature Foods Inc.
381 (—)	**Hatsuhana Restaurants** New York, N.Y.	FS dinner houses	**35.0 (—)**	—	**3 (—)**	—	NA	12/90	Privately held
382 (—)	**Universal Studios Florida** Orlando, Fla.	Recreation	**35.0* (—)**	—	**15 (—)**	—	NA	6/91	PC: MCI Corp.
383 (356)	**Valentino's** Lincoln, Neb.	FS pizza	**34.3 (36.0)**	−4.7	**43 (41)**	4.9	800	3/91	Privately held
384 (396)	**The New York Restaurant Group** New York, N.Y.	FS dinner houses	**34.2 (30.0)**	14.0	**6 (6)**	0.0	NA	12/90	Privately held
385 (388)	**Tippin's Restaurants** Overland Park, Kan.	FS family dining	**34.0 (30.5)**	11.5	**20 (17)**	17.6	2,400	2/91	Privately held
386 (384)	**Flik International** Mamaroneck, N.Y.	Contract mgmt.	**34.0** (31.0**)**	9.7	**66 (70)**	−5.7	NA	6/91	Privately held
387 (389)	**La Petite Boulangerie** Park City, Utah	FF sweets	**33.9* (30.8*)**	10.1	**113* (117*)**	−3.4	NA	12/90	PC: Mrs. Fields Inc.
388 (—)	**Cooker Restaurants** Columbus, Ohio	FS dinner houses	**33.7 (—)**	—	**12 (—)**	—	3,200	12/90	Public/OTC
389 (321)	**Hillsborough County School Board** Tampa, Fla.	Schools	**33.6†** (40.8£†**)**	−17.6	**149 (149)**	0.0	NA	12/90	—
390 (370)	**The Hilltop Steakhouse** Saugus, Mass.	FS steakhouses	**33.3* (32.1)**	3.7	**2 (2)**	0.0	NA	12/90	Privately held
391 (366)	**The Original Seafood Shanty** Bensalem, Pa.	FS seafood	**33.0 (35.0)**	−5.7	**14 (14)**	0.0	2,800	9/90	Privately held
392 (376)	**Texas Dept. of Mental Health & Mental Retardation,** Austin, Texas	Institutions	**33.0† (32.8†)**	0.6	**27 (27)**	0.0	NA	8/90	—
393 (367)	**CVI Service Group** Plainfield, N.J.	Contract mgmt.	**32.5† (34.7†)**	−6.3	**51 (50)**	2.0	NA	12/90	Privately held
394 (383)	**RA Restaurant Services** New York, N.Y.	Contract mgmt.	**32.1 (30.0)**	7.0	**19 (17)**	11.8	NA	12/90	PC: Restaurant Associates Corp.
395 (381)	**Arthur Treacher's** Youngstown, Ohio	FF seafood	**32.0 (32.0)**	0.0	**97 (97)**	0.0	320	12/90	Privately held
396 (392)	**Blue Ribbon Services** Philadelphia, Pa.	Contract mgmt.	**32.0 (30.0†)**	6.7	**68 (65)**	4.6	NA	12/90	Privately held
397 (—)	**Flying J Travel Plazas** Brigham City, Utah	Retail	**32.0 (—)**	—	**45 (—)**	—	1,000	12/90	PC: Conoco
398 (380)	**Royal Fork Buffet Restaurants** Boise, Idaho	Cafeterias	**32.0 (32.0)**	0.0	**20 (18)**	11.1	1,500	12/90	Privately held
399 (—)	**Schwartz Bros. Restaurants** Bellevue, Wash.	FS dinner houses	**32.0 (—)**	—	**15 (—)**	—	NA	12/90	Privately held
400 (358)	**Sisters Chicken & Biscuits** Rocky River, Ohio	FF chicken	**32.0 (36.0)**	−11.1	**40 (61)**	−34.4	NA	12/90	PC: Sis Corp.

*R&I estimate; **company est.; †commercial equiv.; (A) no comparison with previous-year data possible; (B) adjusted reporting method; (R) revised.

400: HIGHLIGHTS

1. **McDONALD'S** has slashed U.S. menu prices and building costs in an effort to recapture market share. Its marketing efforts focus on value, variety, healthfulness and the environment. Still, foreign units account for a disproportionate share of growth and revenues.

2. **BURGER KING** bagged "Break the Rules" ad campaign and marketing exec Gary Langstaff, and named former Trusthouse Forte exec Barry Conrad to shepherd chain's 4,500 franchised restaurants.

3. **KENTUCKY FRIED CHICKEN** changed its name and logo to KFC to downplay fried food. '90 saw opening of domestic unit No. 5,000 and buyback of franchisee Collins Foods' 209 domestic units.

4. **PIZZA HUT** keeps building its delivery business—3,167 of chain's 8,040 units offer delivery. Early '91 saw its first national network ads touting delivery and slamming Domino's in the process.

5. **HARDEE'S** grappled with the merger of 648-unit Roy Rogers. The chain has converted about 500 Roy's units to Hardee's and added bone-in chicken and other items from Roy's menu to Hardee's units. Bill Prather succeeded Jack Laughery as CEO; Michael Simpson named exec v.p. marketing.

6. **WENDY'S** continues to recapture market share in the burger segment. Its strategy includes the sale of company units to finance upgrades in underperforming outlets, the implementation of a permanent value menu and the use of higher-priced limited-time menu items.

8. **MARRIOTT MANAGEMENT SERVICES** reorganized along "product lines" and changed its name. College accounts now use All-in-One debit card to pay for meals, gain entry to dorms and use vending machines.

9. **DOMINO'S PIZZA** is no longer for sale, says founder Tom Monaghan. Chain opened its first free-standing unit and hired a new ad agency (Grey, New York) to combat Pizza Hut's aggressive delivery stance.

10. **TACO BELL'S** value menu forced McDonald's and others to cut their prices—and raised Taco Bell's operating profits 108% for the first quarter of 1991. Company opened drive-thru-only test unit, modeled after '90 purchase Hot 'N Now, near headquarters.

11. **DAIRY QUEEN** signed a six-state conversion and territorial franchise agreement in the Southeast with 140-unit Louisville, Ky.-based Druther's International. The deal calls for the immediate conversion of 100 Druther's units to Dairy Queen.

13. **RED LOBSTER** mimics sister concept The Olive Garden and adds value to entrees with hot garlic cheese bread and Caesar salad. Lunch specials and specials based on good seafood buys also lure customers.

15. **DENNY'S** launched its "Denny's Til Dawn" menu in 1990 to boost late-night business. It now gives guests a free meal on their birthdays. And it upgraded a 10-minute service guarantee for breakfast and lunch from promotion to permanent strategy.

16. **ARBY'S** lost yet another leader—Frank Belatti—and is in the process of moving to Miami from Atlanta. Early '91 purchase of Daddy-O's drive-thru chain added another growth vehicle for franchisees.

18. **LITTLE CAESARS** went off-premises with its agreement to open 400 stores in new and remodeled K mart outlets. Company will open 650 new stores this year.

19. **CANTEEN** has moved its base of operations from Chicago to the headquarters of parent company TW Services in Spartanburg, S.C., as part of a companywide centralization program. Canteen has also cut more than 300 jobs, resulting in a savings of about $17 million.

20. **MARRIOTT LODGING DIVISION** has scrapped new projects because it is unable to sell properties. Cutbacks and delays caused its net income to plummet 73% year-over-year in 1990 to $47 million. Still, lodging sales rose 11% and company F&B sales gained 6%.

22. **HILTON'S** occupancy rate fell to 68% in 1990, marking a three-year low. Dismal property sales forced Hilton to slash its budget for new hotel development. And oversupply in the industry has prevented it from hiking room rates.

23. **SUBWAY** keeps expanding. 1,200 units are planned for '91. Its goal is 8,000 stores by 1995. New Cajun Joe's chicken concept offers expansion vehicle for current Subway franchisees.

24. **SERVICE AMERICA** is focusing on teaming with national brands. The company has cut 1,500 jobs. It reached an agreement to restructure LBO debt and reorganized along lines of business. Company also nabbed contract for U.S. House of Representatives in '90.

26. **SHONEY'S RESTAURANTS** named Jim Arnett president (replacing Gary Spoleta). Arby's franchisee Lunan bought 26 Wag's in Chicago from Marriott, and plans to convert them to Shoney's.

29. **SIZZLER** is fine-tuning its Buffet Court & Grill scatter-bar concept. The Buffet Court has lifted food and labor costs, and its low prices have pared the chain's average check to $7.40 from $7.60 last year. Following the sale of its U.S. KFC franchises to PepsiCo, Collins Foods International bought the one-third of Sizzler it did not own.

32. **HOLIDAY INN HOTELS** moved to Atlanta and set up three regional offices: Brussels for Europe, the Middle East and Africa; Hong Kong for Asia and the Pacific Rim; and Memphis for the United States. Parent company Bass PLC says it is cutting the chain's payroll 38%.

34. **CHOICE HOTELS** changed name from Quality Intl. and bought Rodeway, Econo-Lodge and Friendship chains in

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400: HIGHLIGHTS

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'90. Other brands: Comfort Inns, Quality Inns, Sleep Inns, Clarion and Carriage House Inns.

35. **7-ELEVEN** parent Southland Corp. left bankruptcy court with a deal that gave 70% of the company to Japanese partners Ito-Yokado Co. and Seven-Eleven Japan Co. for $430 million in cash. Bondholders settled for 25% of Southland's stock. The founding Thompson family saw its stake shrink to 5%, half of which bondholders have options to buy.

37. **BASKIN-ROBBINS** franchisees are experimenting with catering, drive-thrus. Chain has added fat-free ice cream that is made with artificial fat. Price promos push novelties, take-home quarts. The chain also purchased 31-unit Gelato Classico.

40. **ARMY & AIR FORCE EXCHANGE SERVICE** is remodeling older facilities, upgrading training programs and pushing food-carts; for instance, "Frank's Franks."

41. **MORRISON'S CUSTOM MANAGEMENT** introduced its "Vision 2000" human resources plan to shore up labor problems. Company opened City Events satellite kitchen in L.A. It also plans marketing blitz for health care and acquisition of a small company this year.

42. **CARL'S JR.** has shifted its strategy to emphasize expansion by franchising. It has said it will sell 57 company-owned units to franchisees over the next two years. It plans to boost franchises to 40% from 23% of its system by 1995.

43. **POPEYES** parent company A. Copeland Enterprises, saddled with debt from its 1989 purchase of the Church's fried-chicken chain, was forced into bankruptcy court this year by creditors. A restructuring plan reportedly is in the works.

50. **WALT DISNEY** plans to open "Wescot Center"—Epcot West—in Anaheim, Calif., this year. The first stage of Euro Disney will open outside Paris this fall, and will be completed by next April. The company is having a bad year in its theme parks and movies, which has prompted analysts to slash earnings estimates for the year.

52. **OGDEN SERVICES** signed contract for complete foodservice at Miami Intl. Airport and Target Center, Minneapolis. It entered a 50% joint venture with Seattle-based Universal Services for remote-site accounts.

55. **CHI-CHI'S** is expanding to smaller towns with 6,000-sq.-ft. building. In 1990, the chain built its first unit in Germany. Mike Fiori left as COO in early '91.

56. **SONIC** went public with an over-the-counter stock offering this year. In its prospectus, the company estimated its net proceeds at about $29 million. It said it would use the funds to repay a $17 million loan and retire $7.3 million in subordinated debt. The remainder was to be used as working capital.

62. **CHILI'S GRILL & BAR** opened 37 units in 1990, bringing the chain to 246 restaurants. It plans to have an additional 33 to 35 stores open by year's end. The casual chain's parent company, formerly Chili's Inc., has changed its name to Brinker Intl.

63. **SKY CHEFS** was forced both to close its Atlanta kitchen and to cut more than 900 jobs when Eastern Airlines shut down last year. Since then, the company has trimmed at least 100 more positions. Annual sales fell 7% in 1990 to about $386 million.

67. **BOB EVANS FARMS** has launched a new concept, Bob Evans General Stores, that combines a restaurant, bakery and gift shop. The units, which feature more seats and a broader menu than traditional Bob Evans units, are designed for high-traffic areas near amusement parks and other tourist destinations.

69. **TCBY's** average store sales slid about 11% and its earnings plunged 92% in its first quarter, deepening the system's problems. The continued declines have sparked widespread franchisee unrest and a class-action suit by investors. This year, the chain plans to open fewer than 70 units worldwide, down from 265 in 1990 and 400 in 1989.

70. **UNITED AIRLINES** has 600 new planes on order that sport high-tech galleys. It is experimenting with an on-board trash compactor.

71. **RYAN'S FAMILY STEAK HOUSES** has developed a new restaurant that cuts building costs by $300,000 (to about $1.8 million) and requires less land. The prototypes feature downsized kitchens, but lose no seats. Ryan's began accepting credit cards in 1990 and hopes to introduce the program systemwide this year.

72. **K MART** rapidly is rolling out its Eatery Express concept. It features grilled chicken and burgers. About 500 are scheduled for this year. The chain plans to open 2,500 by 1995. It has also agreed to open 400 Little Caesars outlets in its stores.

74. **NEW YORK CITY BOARD OF EDUCATION** is testing "Universal Meals"—all kids eat free, regardless of eligibility. Board says focus for '91 is to maintain quality within fiscal restraints.

82. **CHICK-FIL-A** is accelerating development of its free-standing drive-thru units to decrease dependence on mall/retail traffic. It plans to open 10 new mall units and 11 free-standing outlets during 1991.

87. **QUINCY'S FAMILY STEAKHOUSES** saw profits climb to about $29 million in 1990, a 28% gain over 1989, on a 7% increase in sales to about $282 million. The chain introduced a new ad campaign, and is adding a new weekend breakfast bar in all its units.

103. **APPLEBEE'S NEIGHBORHOOD GRILL & BAR** returned to profitability in 1990, freed from debt by the proceeds of a 1989 initial public stock offering. Net income for 1990 exceeded $2 million and restaurant revenue grew 23% over prior-year figures.

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400: HIGHLIGHTS

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117. **TRUSTHOUSE FORTE FOOD SERVICES** paid $2.3 million for Epoch Food Service, a Sunnyvale, Calif.-based dining management firm with sales of about $14 million. Epoch operates more than 90 vending and foodservice facilities in California.

123. **EL POLLO LOCO's** average store sales fell by more than 10% year over year in 1990 to $906,000. Traffic dropped by 12%, and the chain's profits fell 30% to $8.7 million. It blames "unprecedented levels of discounting" by competitors for the downturn.

126. **CARVEL**, under new CEO Steven Fellingham, has undertaken a repositioning that spotlights its ice-cream cakes. The plan includes store remodeling and a new name: Carvel Ice Cream Bakery.

128. **CRACKER BARREL OLD COUNTRY STORE** earlier this year backed off its policy against hiring homosexuals due to media attention and the anger of gay-rights activists. But it says homosexuals still might be barred from work in markets where their presence might be "disruptive."

129. **GRANDY'S** offers employees free meals (replacing 50% discounted meals) in an effort to keep them happy. All 201 stores started accepting credit cards this year. Training program that gives servers decision-making power is in full force.

131. **COUNTRY KITCHEN's** effort to reposition as a contemporary family-style restaurant concept includes a new menu and a new store-identification program. In test: an incentive program for its unit-level employees that allows them to trade bonus points for catalog merchandise.

132. **RALLY'S** has acquired the 42-unit Snapp's Drive-Thru chain for conversion. As part of the agreement, Snapp's management will open 60 Rally's outlets within three and a half years. Rally's has also signed a letter of intent to purchase the 19-unit Maxie's drive-thru system.

135. **FUDDRUCKERS** has about 10 new units slated to open in 1991. Last year, Fuddruckers canceled a license agreement for Brazil and entered a contract for Turkey. It also bought a 36% stake in six-unit franchisee Atlantic Restaurant Ventures. It manages Atlantic's operations for a fee equal to 2% of revenues.

155. **CHART HOUSE** reportedly is shopping for a midscale concept to expand. Its high average check, about $27, has left it vulnerable to trading down by consumers, while its requirement for specialty locations has made unit growth less predictable than it would like.

173. **PIZZERIA UNO** suffered a 7% decline in same-store sales in its second quarter ended in March. Average sales per company restaurant slid 10%. The chain is concentrated in the Northeast, where a weak economy has taken its toll.

177. **JB'S RESTAURANTS** has signed a development agreement with Sbarro. Its contract calls for the opening of 19 Sbarro restaurants over the next three years. Several are already open. It also bought six Plush Pippin Restaurants in Portland and Seattle.

180. **STEAK 'N SHAKE** parent company Consolidated Products recapitalized in 1990. Its new strategy includes slowing growth of company stores, funding new units through sale-leaseback deals, and expansion via franchising. It plans to open six to eight franchises per year.

193. **BUSCH ENTERTAINMENT** said it will cut staff and attractions at it Cypress Gardens theme park in Winter Haven, Fla., because of declining attendance. Attendance slipped from 1.4 million in 1987 to less than 900,000 in 1990.

229. **THE LEVY RESTAURANTS** closed Eurasia, its Pan-Asian restaurant in Chicago, dropped an independent delivery service and started its own, Chef's Express. The company also nabbed the foodservice contract for Chicago's McCormick Place convention center earlier this year, beating out incumbent ARA.

240. **AU BON PAIN** will make its first public offering of 2 million shares in hopes of raising $16 million to pay down debt. The sandwich chain plans an expansion blitz into Manhattan, opening stores in office buildings and on out-of-the-way streets, and will open a store in the Port Authority Bus Terminal.

246. **TARGET** has developed a new prototype food court in two sizes. The larger courts offer an American grill, yogurt, pizza bakery and Mexican stores. The smaller courts have the American Grill, a yogurt/snack shop and a bakery/pizza store.

256. **DAMON'S** agreed to be acquired this year by Columbus, Ohio-based licensee Damon Management. Under the agreement, chairman and founder Irv Rossman retains ownership of five units.

277. **HARD ROCK CAFE** and Promus, parent of Harrah's Casino Hotels, will build a rock-theme casino in Las Vegas. The Hard Rock Hotel & Casino is slated to open in 1993 and will be aimed at a young, affluent clientele.

298. **NORDSTROM** surprised analysts earlier this year by naming five co-presidents, none of whom are related to the founding Nordstrom family. Chain opened its first store in the Midwest, in Oak Brook, Ill., a suburb of Chicago, and plans three more East Coast stores this year.

310. **CASEY'S GENERAL STORE** now offers fringe benefits and paid vacations to part-time employees to keep turnover down. C-store chain stopped six-month test of home delivery because it did little to boost sales.

353. **MIAMI SUBS** is now headed by former Burger King president C. Ronald Petty, who plans to concentrate on rapid expansion of the Miami Subs concept, including the conversion of its 17 Mr. Submarine units to Miami Subs. Parent company QSR has sold its Taco Viva operations and changed its name to Miami Subs Corp. to reflect its new emphasis. R&I

400: GROWTH

SPOTLIGHT

RALLY'S RULES THE DRIVE-THRUS, BUT COMPETITION IS HEATING UP

Even without its recent acquisitions of competitors, **Rally's** was the fastest growing fast-food company in this year's 400. The Louisville, Ky.-based chain posted a 73.4% increase in sales.

Part of the reason is the menu, only nine items long and deliverable in 40 seconds, Rally's executives say.

"As the large fast-food chains diversified and extended their menus over the past 10 years, they left a niche wide open for simple concepts like Rally's," says Bruce Ley, executive vice president of marketing. "The food is good, hot, fast and inexpensive, and that's what our customers are looking for."

The 1991 *R&I* Choice in Chains survey backs up the claim—Rally's ranked No. 1 among burger chains for good value and good service.

The attractiveness of the d[illegible]thru-only niche is not los[illegible]her large fast-food [illegible] McDonald's and Wen[illegible] are testing double-driv[illegible]hru concepts in several markets. And Taco Bell's acquisition of the 77-unit Hot 'N Now double-drive-thru burger chain in February suggests that competition is heating up.

In fact, Rally's itself has been on a shopping spree. Earlier this year, the chain bought Columbus, Ohio-based Snapp's, a 42-unit drive-thru-only chain, and Tallahassee, Fla.-based Maxie's of America, which operates 19 drive-thru-only outlets. (For details on both acquisitions, see "400: Deals.") When all are converted to Rally's, the chain will boast more than 330 restaurants. Further acquisitions of small double-drive-thru chains are likely, according to company officials.

Rally's has units in 22 states, with the heaviest concentration in Kentucky, Louisiana, Alabama, Indiana, Ohio, Michigan and Florida. Acquisition targets and new-store openings will likely happen in those 22 states. "We'd like to grow where we already have a strong presence," says Wayne Albritton, president and chief operating officer. "For example, the Maxie's transaction supports our strategic thrust into the northern Florida market."

In addition to its acquisitions, Rally's plans to open more company-owned restaurants, especially in the Southern region. For example, the 20 new units planned for Phoenix are company owned. About 35% of current units are owned by the chain.

While the number of Rally's units will grow, the number of items on the menu will not, Albritton says. "We're surprised by the size of the menus in some of our competitors' attempts at double-drive-thru concepts," he says. "If and when we decide to add a new menu item, we'll decide what comes off at the same time. We have to avoid that menu paralysis that occurs when the menu board takes so long to read."

—Beth Lorenzini

RANKINGS

TOP 20 GROWTH LEADERS BY SALES

1.	Rally's Hamburgers	73.4%
2.	Appiebee's Neighborhood Grill & Bar	58.0
3.	Pizzeria Uno	50.3
4.	Freshens Yogurt	50.0
5.	L&N Seafood Grill	49.2
6.	I Can't Believe It's Yogurt	45.7
7.	O'Charley's	44.2
8.	The Olive Garden	38.3
9.	Subway	37.5
10.	Prufrock	32.9
11.	Skyline Chili	31.6
12.	Spectrum	31.1
13.	Cracker Barrel Old Country Store	30.4
14.	LaRosa's	30.3
15.	Caterair International	29.[illegible]
16.	Spaghetti Warehouse	28.2
17.	Nordstrom	27.4
18.	Sbarro	27.0
19.	T.G.I. Friday's	26.5
20.	Ruby Tuesday	25.9

Based on available data from 1991 *R&I* 400 Survey.

EXPANSION PLANS

SUBWAY SAYS 8,000 UNITS [illegible] 1995

Subway's pledge for 8,000 units [illegible] certainly is [illegible]et—it's boldly printed across every sheet of the chain's sandwich wrapping. At press time, the chain was up to about 5,506 units. With an average of 25 stores opening a week, simple math shows that goal could be reached by 1994, a year ahead of schedule. Subway isn't the only chain to boast a unit goal.

Domino's: 10,000 units worldwide by the year 2000. A distinct possibility, considering the pizza chain went from 500 to about 5,600 units over the past 10 years.

Shoney's: The push is on to make new franchise agreements for all of Shoney's Inc.'s concepts. The company expects to add 105 units this year, and 140 during 1992.

Wendy's: Current goal is 5,000 units—with no set time limit. That means 1,200 to go. But this year's 150 projected openings will double last year's rate, and 200 units a year is the goal for subsequent years.

—B.L.

RANKINGS

TOP 20 GROWTH LEADERS BY UNITS

1.	I Can't Believe It's Yogurt	47.8%
2.	Freshens Yogurt	41.8
3.	L&N Seafood Grill	41.7
4.	Applebee's Neighborhood Grill & Bar	41.6
5.	Pizzeria Uno	34.9
6.	Subway	31.5
7.	Ruby Tuesday	31.0
8.	Rally's Hamburgers	30.7
9.	The Olive Garden	29.8
10.	El Pollo Loco	27.6
11.	Chili's	26.8
12.	United Airlines	21.4
13.	Taco Time	20.7
14.	Cracker Barrel O[illegible] Country Store	20.5
15.	Old Country Buffets	20.5
16.	Cooker Restaurants	20.0
17.	Cinnabon	19.4
18.	O'Charley's	19.2
19.	Sbarro	19.0
20.	Michigan State University	18.9

Based on available data from 1991 *R&I* 400 Survey.

400: DEALS

SPOTLIGHT

OPERATORS BUY MARKET SHARE

Many companies have used acquisitions to enter new markets and increase share.

JB's Restaurants bought six of eight Plush Pippin Restaurants in Seattle and Portland. . . . **Dairy Queen** signed a territorial franchise and conversion agreement with 140-unit **Druther's International**. . . . **Trusthouse Forte Food Services** bought Epoch Food Service for $2.3 million. . . . **Bresler's Ice Cream & Yogurt** scooped up the 42 Larry's Ice Cream stores. . . . **I Can't Believe It's Yogurt** bought the I Love Yogurt chain. . . . **Skipper's** quick-service seafood chain bought 20 **Long John Silver's Seafood Shoppes** in Denver and Colorado Springs for $5.1 million. . . . **Taco Tico** signed an agreement to manage the **Del Taco** chain with plans to buy it from W.R. Grace. . . . **Shoney's** cracked the Chicago market through a development agreement with Lunan Family Restaurants, an Arby's franchisee. As part of the deal, LFR bought 29 Chicago-area Wag's restaurants from **Marriott Family Restaurants**.

SHONEYS
Dairy Queen
Rax
GO

SERVANTS OF DEBT

The recession hit companies with high debt loads especially hard. Bankrupt **7-Eleven** parent Southland Corp. sold a 70% stake to its Japanese partners, Ito-Yokado Co. and Seven-Eleven Japan Co. for $430 million. . . . Similarly, Sis Corp. sold 40 of its 60 **Sisters Chicken & Biscuits** units to Robert Wyman, a Cleveland restaurateur, as part of its Chapter 11 restructuring. . . . Likewise, **Rax Restaurants** sold a 78% stake in the chain for $7 million to a group led by new chairman Donald A. Karras and CEO Ira Hermann.

OTHER DEALS

Kentucky Fried Chicken bought 209 KFC stores from franchisee Collins Foods International for about 4.9 million PepsiCo common shares, worth about $123 million. Collins in turn bought almost all of the 34% of **Sizzler Restaurants International** that it did not own. . . . **Ogden Services Corp.** formed a 50% joint-venture with Universal Services to provide remote-site feeding. . . . And **Baskin-Robbins** entered the casual Italian market with the purchase of 31-unit Gelato Classico. *—Rajan Chaudhry*

STRATEGIES

CHAINS JOCKEY FOR POSITION IN DRIVE-THRU-ONLY SEGMENT

With their low costs, narrow menus and high volumes, drive-thru-only concepts have drawn the attention of some of the country's biggest chains.

This year, niche leader **Rally's**, Louisville, Ky., swapped 400,000 shares of its common stock for ownership of 42-unit Snapp's Drive-Thru, Columbus, Ohio. Rally's agreed to pay Snapp's owners as much as $2.5 million. The contract included a conversion allowance and an option for Snapp's to buy up to 250,000 Rally's shares at $18 each if Snapp's meets its goal of opening 60 Rally's units within three and a half years. Rally's also signed a letter of intent to acquire Tallahassee, Fla.-based Maxie's double-drive-thru hamburger restaurants for 280,000 shares of Rally's stock. Maxie's operates 19 units, 11 of which are franchised.

PepsiCo's **Taco Bell** Mexican fast-food chain, Irvine, Calif., bought 77-unit Hot 'N Now, Kalamazoo, Mich., from founder William Van Domelen. Taco Bell reportedly paid more than $15 million in PepsiCo stock. The Hot 'N Now units, which gross about $500,000 per year, offer 14 menu items and feature a 39-cent hamburger.

Arby's, Atlanta, also has entered the double-drive-thru business. Last year, it bought the five-unit Daddy-O's Express chain from Columbus, Ohio-based G.D. Ritzy's. Arby's says Daddy-O's will provide its franchisees with an alternative vehicle for expansion. *—R.C.*

CLOSING TIME

HORN & HARDART CHECKS OUT

Over the past year, Horn & Hardart, a historic name in the restaurant industry, has completed the sale of all its major restaurant holdings. The Las Vegas-based company says it will concentrate on its Hanover Cos. mail-order catalog business. Hanover Cos.' 22 catalogs generate annual sales in excess of $500 million.

- In August, the company sold its 152-unit **Bojangles' Chicken & Biscuits** chain in a deal valued at about $24 million to Sienna Holdings. The buyout group included new CEO Richard Campbell and CFO Joseph Santaniello. Both are former KFC executives.
- Horn & Hardart sold 22 **Arby's** franchises in south Florida back to the franchisor for $5 million. It also sold 10 **Burger King** franchises.

HORN & HARDART

- Earlier this year, the company sold **International King's Table**, an 83-unit buffet-style chain operating nine western states, to Heller International. Terms of the deal were not disclosed.
- Finally, Horn & Hardart closed its last Automat restaurant. Developed in 1902, the coin-operated vending concept peaked at more than 40 units, which served more than 1 million meals a day in the 1940s and 1950s. The Smithsonian Institution in Washington is the last place customers can view the chrome and glass wall of an Automat. *—R.C.*

400: FINANCE

ANNUAL REPORTS

TOUGH YEAR HOLDS TURNAROUND FOR WENDY'S, TROUBLE FOR OTHERS

Wendy's International looks to be on the way to a turnaround. The 3,700-store chain registered a 29% increase in net income for 1990, compared to 1989. (Chairman and CEO James Near said that would have been a 56% profit increase except for a tax accounting benefit in 1989.)

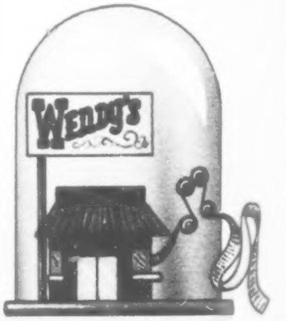
And analysts expect more good things from the company. First-quarter '91 results showed a 3.3% rise in systemwide sales. Equally important is a 6.2% increase in average net sales per company store for the quarter, suggesting that the chain's two-year-old Super Value Menu and the high-visibility ad campaign featuring Dave Thomas are taking hold.

The company is so attractive to investors these days that proceeds from a recent $70 million bond offering will enable Wendy's to retire some of its long-term debt and to finance new company and franchised stores.

Midscale casual chains fared well, too. **Chili's** parent Brinker International saw sales climb 25% and net income increase 71% in the tough first three months of 1991. And **Cracker Barrel Old Country Store** saw same-store AUV growth of 9.6% in the third quarter of fiscal 1991.

In general, more restaurant companies are entering the stock market as a way to raise capital. **Au Bon Pain** has announced it will make an initial public offering of 2 million common shares, hoping to raise $16 to $18 million to pay down debt. **Sonic** made its first public offering this year, and hopes to raise $29 million to pay off a loan, pay down subordinated debt and finance expansion.

Other companies are trying other ways to get a handle on their debt loads. TW Holdings, parent of giant TW Services (and thus grandparent to **Denny's**, **El Pollo Loco**, **Canteen**, **Quincy's** and **Spartan Foods**) holds about $2.4 billion in debt now, thanks to a buyout in late '89 by Coniston Partners. The company lost $67.8 million for fiscal 1990, 18% greater than the loss posted in fiscal '89. Revenues rose 6% for the year. At press time, TW Holdings was trying to refinance portions of that debt, and examining alternative financing arrangements such as a 5-million share stock swap if loan guarantors do not agree.



Some 400 companies are taking the quick route to debt freedom—the one that runs through Chapter 11. A. Copeland Enterprises, parent to the **Popeyes** and **Church's** fried chicken chains, is the largest recent example (see Second Look feature in this issue); but **Circle K**, **Prime Management** and **Pioneer Chicken** also filed for bankruptcy protection—Pioneer Chicken for the second time since 1987. —*B.Q.*

PROFITS

EARNINGS SWING HIGH, SWING LOW

Sales aren't the whole story, of course; profits count too. Here's a snapshot of quarterly profit performance at some of the 400's largest public foodservice-only companies, for the most recent quarter ending before May 15, 1991.

(Increase from same Q 1990)

Wendy's Intl.	98%
Cracker Barrel	86
Chili's	71
Morrison Inc.	51
Vicorp Restaurants	50
Bob Evans Farms	47
Sbarro	32
Rally's	19
Buffets Inc. (Old Country Buffets)	13
McDonald's	7
Intl. Dairy Queen	7
Luby's	4
TCBY	−94

Source: McGraw-Hill Inc.

[illegible]

SPEEDY REORGANIZATION A SIGN OF THE TIMES FOR 7-ELEVEN

It's not the kind of news most 400 companies hope to make, but The Southland Corp., parent to the **7-Eleven** c-store chain, broke new business ground with its "prepackaged" bankruptcy filing, a new, accelerated Chapter 11 proceeding that requires the approval of 51% of the company's creditors holding two-thirds of its debt. In Southland's case, the debt amounted to $4.9 billion, and the bankruptcy lasted only four months instead of several years. That kind of speed was a condition for the sale of 70% of Southland's common stock to Ito-Yokado Ltd. and 7-Eleven's Japanese licensee in return for $430 million in cash. Meanwhile, sensing opportunity at a moment when value menus and speedy drive-thru units are hot, 7-Eleven has taken its fight for fast-food customers to the airwaves with TV ads spotlighting its hot dogs, sandwiches and soda. The company figures its quick service and low prices can capture a share of the traditional takeout-meal market. Airing in 10 U.S. markets, the commercials spotlight two 7-Eleven franchisees and the ready-to-eat foods they sell. With one McDonald's franchisee currently selling groceries, there might be more 7-Eleven foodservice soon. After all, the Japanese outlets owned by Ito-Yokado sell sushi and dumplings. —*B.Q.*

OWNERSHIP

THE JOYS OF PARENTHOOD

Here's a glimpse of the biggest family trees in the *R&I* 400 forest in 1991:

□ **PepsiCo** is by far the largest of these; its components, **Kentucky Fried Chicken**, **Pizza Hut** and **Taco Bell**, posted total systemwide sales of $13.1 billion in '90.

□ **Marriott Corp.**'s contract management, family dining and lodging divisions amassed systemwide foodservice sales of $4.3 billion*.

□ The main restaurant concepts of **General Mills—Red Lobster** and **The Olive Garden**—posted systemwide sales of $2.2 billion*.

□ **Shoney's Inc.**, parent to **Shoney's**, **Lee's Country Chicken** and **Captain D's**, saw systemwide sales of $1.5 billion.

*R&I estimate

400: SITES

LOCATION, LOCATION, LOCATION

FAST-FOOD, FULL-SERVICE FIT CONCEPTS INTO UNUSUAL PLACES

"Hit 'em where they aren't" might be the chain siting strategy for the '90s: Put your goods in new locations and deliver them in a way the competition will find hard to match.

Many of the biggest concepts are trying to catch the drive-thru-only wave. Later this year, **Taco Bell** will test its first such units since its purchase of the Hot N' Now burger chain. (See cover story.) But **McDonald's**—where drive-thru sales account for more than half of all domestic store volumes—now has two McDonald's Express outlets up and running, and hopes to open 18 more of the drive-thru-only units by the end of the year. **Burger King**, **Wendy's** and **KFC** also have drive-thru-only units in test.

But smaller, stripped-down units are only one traffic-building strategy in test. Many of the same chains are also going the other way, providing *more* amenities to attract customers.

Last summer, home-delivery specialist **Domino's** began rolling its Pizza Pizzazz prototype, designed for malls, airports and other sites with shared seating areas. Burger King is trying dinner-time table service at its 900 company stores, and two-way closed-circuit video on menu boards at drive-thru windows in Miami and three other cities. Meanwhile, McDonald's is putting real-live employees at the drive-thru menu boards (customers talk to the employee, not the squawk box), and **Pizza Hut** is testing table-top television, meant to entertain diners.

A falloff in retail sales has not dampened some companies's enthusiasm for shopping malls. For example, **Blimpie** has launched the Blimpie Fresherie, a gourmet sandwich-and-salad version of its sub stores that is designed for malls.

Soft-serve ice cream power **Carvel** will augment its low-cost, no-frills units with a range of new outlet designs, from eat-in stores to mobile kiosks. The stores also will retool with longer display cases, to emphasize specialty cake sales.

Pizza Hut
DOMINO'S PIZZA

Some large chains continue to downsize units to make entering smaller markets cost-efficient: **Red Lobster** and **Wyatt's Cafeterias** both came out with scaled-down prototypes in the last year. But McDonald's President and COO Ed Rensi described as "disappointing" the sales of the first Golden Arch Cafe, a full-service, full-menu restaurant intended for rural areas. Rensi says any future Cafes will be built in towns larger than Hartsville, Tenn. (population 2,600).

The top burger company hopes to do better at paring down its average $1.5 million turn-key cost to U.S. franchisees, searching for $200,000 in savings by such measures as using less brick and more glass. *—B.Q.*

[illegible]

MORE CHAINS JOIN FORCES

Take one concept and add another. Have you doubled a customer's desire to walk through your door?

Several members of this year's *R&I* 400 hope so. In the largest doubling, 400 **K mart** stores will begin selling **Little Caesars** pizza, salads and subs. The units, staffed by K mart employees trained by Little Caesars, will have seating.

Winchell's Donut House has repositioned two of its units as "Winchell's n' More," selling subs and brand-name frozen yogurt to help the chain hike its after-breakfast traffic; more are planned. And **JB's Restaurants** is retrofitting Baker's Corner in-store bakeries into its 135 units. *—B.Q.*

BRANCHING OUT

PIZZA HUT, ARA GO OFF PREMISES

This year's 400 companies went further than ever from the back of the house to get their product to the consumer. In the battle for market share, "alternate distribution" channels are now vital.

Schools have become a primary target for some of the top chain players, particularly those who can present a good health profile. Both **Pizza Hut** and **Domino's** have made substantial inroads into the educational market and plan to do much more of the same. **Subway**, too, has gone back to school, with a test project in which local units ship prewrapped subs to four Colorado high schools.

Pizza Hut also has had success with expansion of its kiosk system, not only in colleges but in sports arenas, including Dodger Stadium in Los Angeles. And **ARA Services**, which offers its own pizza module, has agreed to install Pizza Hut kiosks in an unspecified number of its institutional accounts. The units will sell 7-inch personal pan pizzas; ARA's Itza Pizza brand sells pizza by the slice.

Non-pizza delivery still holds potential for those who can do it right, and still eludes the largest chains. Both **KFC** and **Hardee's** have tested home delivery; neither has immediate plans to widen those tests. Several individual McDonald's operators have launched successful delivery.

And at least one concept has ventured beyond the front of the house into the customer's kitchen. **Pizzeria Uno** has begun offering take-and-bake pies, assembled to order and sold unbaked, to be finished at home. *—B.Q.*

[illegible]

REAL ESTATE WINDFALLS

Old Country Buffets managed to find 20% unit growth and 25.8% sales growth in an environment generally hostile to buffet concepts by shopping for real estate bargains among strip malls. In return for becoming an anchor in strip malls, the chain seeks lower rent from developers anxious to fill space. Famous Restaurants, parent of the Garcia's Mexican Restaurant chain, said it too has won rent cuts from harried landlords. *—B.Q.*

Old Country Buffet®

400: OPERATIONS

RESTRUCTURING

COMPANIES REORGANIZE TO TRIM FAT, DECENTRALIZE CONTROL

Call it streamlining, right sizing, realigning or reorganizing. Over the past year, foodservice companies shuffled and discarded management employees as if they were cards in a fierce poker game. The objectives: to cut costs and to reduce the communication gap between the corporate suite and the unit level.

Marriott, hurt by poor real estate and financial markets, made the most headlines with its reorganization plans. In order to conserve cash and pay down its $3.5 billion debt, the company is cutting 1,500 management jobs and is in the process of selling off its family restaurants—approximately 200 have been sold to date. The Washington-based company also has halted construction of several hotels it had planned.

In addition, Marriott has realigned its contract-feeding division along lines of business, a move it says has helped eliminate duplicate jobs and improve service to contract clients. The corporation has divided its two contract divisions—Business and Facilities, and Education and Healthcare—into five groups and has renamed that arm Management Services.

Marriott's reshuffling also includes a radical shift to a decentralized management structure to trim overhead and encourage decision making at the unit level.

Even companies not saddled with debt are cutting back to stay competitive.

Pizza Hut cut about 125 district managers and 50 support staffers with the goal of bringing senior management closer to the customer. At the same time, the PepsiCo subsidiary wants to instill an entrepreneurial feeling in regional and unit managers by broadening their authority and responsibility, according to company spokesman Roger Rydell.

At the heart of this reorganization is a new post—that of market manager. In the past, as many as five managers would have responsibility for distinct functions within a single market. The market manager, however, becomes a "mini-CEO" with total charge for business in a particular market.

Other companies that have reorganized in the past year include **Burger King**, which closed seven regional offices and eliminated 300 jobs. **Rax** brought in an equity partner and restructured its debt. **Hardee's** cut its headquarters staff by about 12% and will focus on franchising. S&A Restaurant Corp., operator of **Bennigan's** and **Steak & Ale**, also closed regional offices to force field managers into units to pay more attention to guests. *—Jeff Weinstein*

> **Pizza Hut's new market manager becomes a "mini-CEO" with total charge for business in a particular market.**

UNIT VOLUME

QUICK SERVICE: TOP 10

1. McDonald's	$1.6MM
2. Nathan's Famous Hot Dogs	1.3
3. White Castle	1.2
4. Burger King	1.0
5. Hardee's	940K
6. Grandy's	911
7. El Pollo Loco	906
8. Krystal	860
9. Wendy's	811
10. Bojangles'	792

FULL SERVICE: TOP 10

1. Legal Sea Foods	$6.5MM
2. Phillips Seafood	5.5
3. Red Onion	3.4
4. T.G.I. Friday's	3.4
5. Cooker Restaurants	3.2
6. Houlihan's	3.1
7. The Original Seafood Shanty	2.8
8. Bobby McGee's	2.8
9. Spaghetti Warehouse	2.7
10. The Olive Garden	2.7

Based on available data from 1991 *R&I* 400 Survey.

[illegible]

COUNTRY KITCHEN ARMS OPERATORS WITH LABOR SOLUTIONS

Country Kitchen International, Minneapolis, has developed programs to help its operators increase productivity and profitability.

Through a series of eight regional meetings, the company is introducing PICI (Passion, Intelligence, Compassion, Intensity), a program designed to help improve recruitment of hourly employees. PICI provides operators with a series of interview questions that help indicate whether a potential employee has the PICI traits—traits Country Kitchen thinks will help it achieve "absolute guest satisfaction."

In March, the Minneapolis-based company introduced an awards program for managers and hourly workers who excel.

To improve profitability, Country Kitchen checked hourly scheduling against guest counts to understand how many employees the restaurants need during peak times to provide better, faster service. The result: a new scheduling system that speeds table turns, thus increasing traffic counts, and gives servers more time to suggestive-sell, thus increasing check averages. Vice President of Operations Bob McGurk says the efficiencies can increase sales 15% to 20% during peak hours. *—J.W.*

COUNTRY KITCHEN®

CHECK AVERAGES

QUICK SERVICE: TOP 10

1. El Pollo Loco	$7.37
2. Soup Exchange	6.25
3. Togo's Eatery	5.50
4. Mr. Hero/Mr. Philly	5.25
5. Popeyes	5.06
6. Lee's Country Chicken	5.00
7. Arthur Treacher's	4.75
8. Nathan's Famous Hot Dogs	4.55
9. Church's Chicken	4.42
10. Two Pesos	4.28

FULL SERVICE: TOP 10

1. Hatsuhana	$50.00
2. Palm Restaurants	46.00
3. Ruth's Chris Steak House	38.00
4. Legal Sea Foods	33.00
5. Rusty Pelican	21.50
6. Phillips Seafood	20.50
7. The Pasta House	17.00
8. Ark Restaurant Corp. (assorted concepts)	15.00
9. Bobby Rubino's	13.40
10. L&N Seafood Grill	12.50

Based on available data from 1991 *R&I* 400 Survey.

400: INTERNATIONAL

TRAVEL PLANS

U.S. OPERATORS PACK THEIR BAGS FOR INTERNATIONAL MARKETS

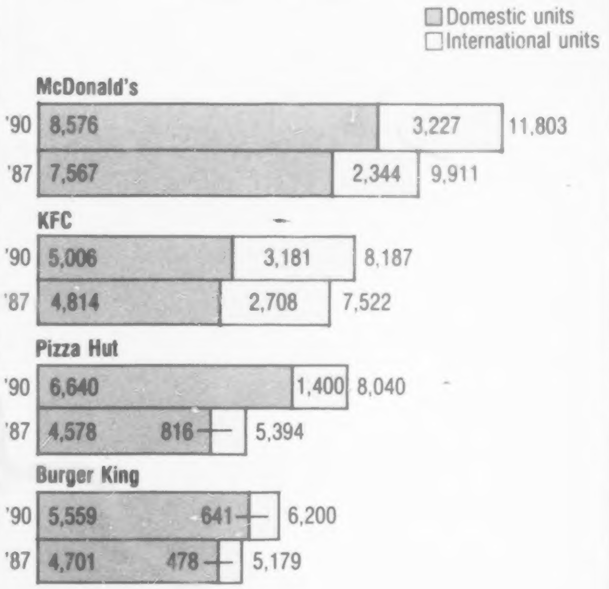
In the past 12 months, both **McDonald's** and **Pizza Hut** have opened their first units in China. McDonald's restaurant, in Shenzhen, is three stories tall and has 500 seats. Pizza Hut's unit, in Beijing, is two stories and 180 seats. Pizza Hut also has joined McDonald's in the Soviet Union. The segment-leading pizza chain has two units in Moscow. . . . **Baskin-Robbins** has teamed with the Soviet Ministry of Trade to build its sixth overseas ice-cream factory in suburban Moscow. The plant, which is slated to open in 1992, will sell [illegible]0% of its product for rubles to local stores. The company plans to sell the remainder in hotels for hard currency.

. . . **Wendy's** has signed a development agreement that calls for the opening of at least 10 units in Poland within five and a half years. The stores will be Wendy's first in the Eastern Bloc. . . . **Jack In The Box** has inked a development pact for Mexico. The contract is the chain's first outside the United States. . . . Likewise, **Carl's Jr.** announced plans for a push south of the border. The fast-food burger chain intends to have 15 units open in northern Mexico within 15 years. . . . **Marriott Management Services** and Italian conglomerate Fintermica have launched Marriott Italia S.p.A. to service health-care accounts in Italy. The company also has entered a joint-venture agreement to provide business and institutional contract management in Japan. Marriott's Japanese partners are Sumitomo Corp., a Japanese development company, and Royal Co., which owns more than 500 foodservice operations in Japan, Hawaii and Australia. . . . **Sir Pizza International** has signed a development agreement for Spain that calls for the opening of 277 restaurants in 10 years. . . . **Subway** has signed a letter of intent with Tokyo-based Motegi & Co. to open a minimum of 1,000 stores over the next 10 years. . . . **Canteen** has expanded its licensing contract with Canteen of Japan to include foodservice operations. Previously, the contract covered only vending.

—*R.C.*

GLOBAL GIANTS

The U.S. chains with the largest presence overseas continue to find opportunities for international expansion.



Source: Company reports

OVERSEAS GROWTH CREATES NEW PROBLEMS AND NEW SOLUTIONS

As foodservice goes global, companies are learning lessons—some valuable and others costly—from their international operations.

At Allied-Lyons PLC, London, executives got a crash course in foreign exchange earlier this year when a rebound in the dollar vs. the pound cost the company $250 million. Allied-Lyons derives about 20% of its annual revenue from its North American operations, which include **Baskin-Robbins** and **Dunkin' Donuts.**

At **Kentucky Fried Chicken**, which operates and franchises almost 3,200 foreign units, experience dealing with diverse cultures abroad is translating into success managing diversity at home. The company strives to match the demographics of its unit-level staff to those of the communities it serves.

In Japan, **Arby's** is building a system of small commissary-fed units, which could have applications in expensive urban markets in the United States.

McDonald's Company Japan has developed a prepaid card system that in tests boosted the average check by 43% to about $7. A McDonald's Japan spokesman said the system might soon debut in the United States.

And **7-Eleven** stands to benefit from a state-of-the-art computer system developed by its Japanese partner. Its inventory control and marketing capabilities have helped the Japanese stores, which average less than half the size of their U.S. counterparts, post average volumes twice as high. —*R.C.*

400: SECOND LOOK

UNDONE DEALS

INTO THE FRYING PAN: COPELAND FORCED INTO BANKRUPTCY

In 1989, Al Copeland Enterprises, operator of the **Popeyes Famous Fried Chicken** chain, purchased **Church's Chicken** for $392 million and became the No. 2 player in the fried chicken segment.

Today, the Jefferson, La.-based company is the midst of a new chapter in its history—Chapter 11—which stands to change its ownership and structure irrevocably.

Over the past year, Copeland continually and fruitlessly has sought to reach settlements with its major creditors. Copeland owes more than $277 million in principal, interest and fees to a bank group led by Canadian Imperial Bank of Commerce, as well as about $150 million in principal and interest on a bridge loan from Merrill Lynch. It had expected to cover the bridge through an offering of junk bonds, but the collapse of the market for the high-yield, high-risk instruments left the company without the means to service its debt.

In 1990, Copeland Enterprises lost $136 million, despite an 11% increase in revenues to $460 million. The loss included a $94.9 million write-down of its investment in Church's. The year before, the company lost $36 million.

In its bankruptcy filing, Copeland listed assets of about $423 million and liabilities of almost $600 million.

At press time, the company had yet to present a plan for reorganization to the court. "We continue to be in discussions with all parties with regard to a restructuring plan, and would have no specific comment until such a plan is filed," says James Wiggins, vice president of corporate communications for creditor Merrill Lynch. Both sides say they are making headway toward an agreement. "The restructuring is going along smoothly. Everything's on schedule," says a spokeswoman for Popeyes.

Any settlement will likely involve a debt-for-equity swap that will leave the chains in the hands of the company's creditors. It's possible that Popeyes and Church's, both of which are still operating, will be split and sold individually. And sources that are a party to the dealings say Chairman Alvin Copeland will likely be replaced. "That's a pretty good bet," says one executive. *—R.C.*

MERGER UPDATE

ROY ROGERS VEXES HARDEE'S

A rough economy and stiff price competition has complicated **Hardee's** assimilation of **Roy Rogers**.

Hardee's purchased the 648-unit Roy Rogers chain from Marriott last April. Since then, it has converted about 500 of the Roy Rogers units to Hardee's, and it has launched a menu that combines what it considers the strongest offerings from each chain. Added to Roy Rogers menu were Hardee's breakfast and its burgers. Meanwhile, about 500 Hardee's restaurants now carry Roy Rogers bone-in chicken and side items, says spokesman Jerry Singer.

Hardee's

Although the melding of the menus resulted in initial sales gains, Hardee's CEO Bill Prather says unit volumes soon slumped as consumers began trading down from the higher priced Roy Rogers chicken to Hardee's burgers. Steep discounting by its competitors forced Hardee's to engage in its own price-cutting tactics, which exacerbated the trend toward trade downs.

As the economy rebounds, analysts say they expect Hardee's to begin realizing the benefits of its acquisition. Hardee's says business is picking up. "With the Gulf War and the merging of Roy Rogers, things took a lot of time and a lot of capital," says Singer, "but we're looking forward to a strong third and fourth quarter." *—R.C.*

TURNAROUNDS

SERVICE AMERICA PLOTS COMEBACK

Since its $500 million leveraged buyout in 1987, Service America, the Stamford, Conn.-based vending and contract feeder, has struggled under the burden of debt. But recently it took several significant steps to turn the business around. They include:

STEVEN LEIPSNER, CEO

- **A cut of about 1,500 positions. Service America trimmed management and operating staff 4% to 5%, and it pared headquarters staff 25%. The company also cut many benefits.**
- **A plan to restructure its debt. The plan would slash current debt by more than $100 million, to about $300 million. To grease the wheels, the company invited creditors to attend business review meetings and to visit clients in the field.**
- **A realignment of the company to improve both communication and focus.**

Prior to November, Service America's operations were divided into four geographic zones, each with a president responsible for the vending, manual feeding and dining services operations within his zone. A senior vice president supervised the company's recreation services division nationally. The company has since eliminated its zones and the post of zone president. A separate senior vice president now oversees each of the three lines of business. ***—R.C.***

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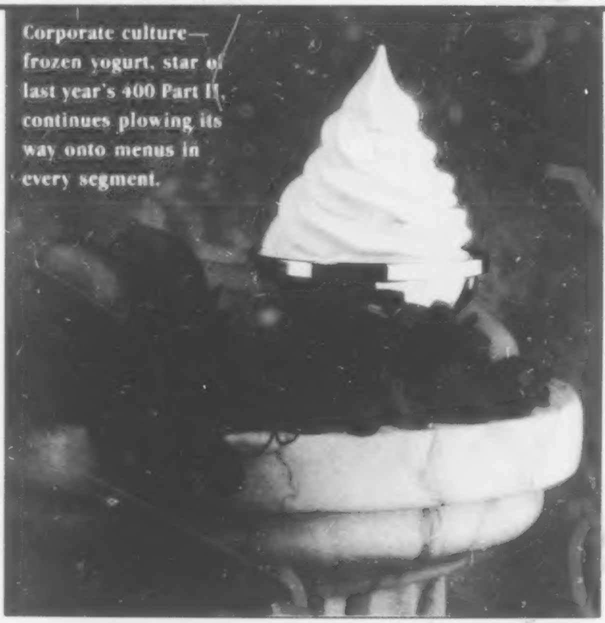


Corporate culture—frozen yogurt, star of last year's 400 Part II, continues plowing its way onto menus in every segment.

ABOUT THE COVER

Chow Bella!—Italian food is *R&I*'s 400 Concept of the Year. Antipasto salad, pasta primavera and spaghetti have found a home on menus everywhere.

12 ITALIAN FOOD TOP 400 MENU CONCEPT

When the Golden Arches take note of Italian food's new Golden Age, you can be sure other foodservice companies will follow suit. In fact, from fast food to family dining to contract management, pasta and pizza's popularity, value and variety have commanded respect—and menu space. In *R&I*'s 400: Part II Overview, we examine the success of The Olive Garden, Sbarro and other Italian operations and show how non-Italian concepts are translating their popularity into a new Appian Way for their own sales growth.

36 BURGER GIANTS BATTLE FOR BUCKS

A soft economy and declining traffic counts are spurring the nation's biggest burger chains to new heights of value pricing, menu variety and nutritional awareness. New product introductions and joint ventures with other branded chains are changing the image and style of the burger business.

129 SEAFOOD CHAINS HOIST THEIR SALES

The leading seafood chains have adjusted their menus to meet customer demands for healthfully prepared entrees. Now they're building loyalty by offering more variety and value to the menu. Extras have paid off, too. Red Lobster, for example, hails Caesar salad as the noblest romaine of them all. It's on the house.

152 CONTRACTORS FLEX THEIR MUSCLES AND THEIR SERVICES

Contract management clients want their menus their way—made to order, wrapped to go or delivered. And they're getting what they want. Contractors are providing personalized, convenient service that includes imaginative merchandising programs, exhibition cooking, and customized food programs and promotions.

CHOW BELLA!

Italian food hits its Golden Age, appearing on commercial and institutional menus *everywhere*.

Spaghetti and meatballs, lasagna and fettuccine Alfredo hardly are new foodstuffs. But the attention these Italian dishes and their cousins are getting these days translates into the year's hottest food story. Italian food, whether it's regional, upscale, midscale or quick service, no longer is a fad. It's a permanent part of the American menu.

Part of the credit for Italian food's popularity belongs to the chains whose menus highlight the cuisine. The Olive Garden, launched in 1982 after years of fine-tuning, has proved the most successful chain startup in recent memory. The Orlando, Fla.-based chain posted systemwide sales of $644.4 million in 1990, a 36% jump over 1989, and now boasts 270 units, a 29.8% increase over the year prior, according to *R&I* estimates. The other Italian chains in this year's listing are enjoying similar success. Commack, N.Y.-based Sbarro's sales are 27% higher than last year's, and LaRosa's, the Cincinnati-based Italian chain, finished 1990 with sales up 30%.

And now, it seems, Italian is everywhere:

☐ One-fifth of this year's newcomers to the 400 specialize in Italian food: The Pasta House, Spaghetti Warehouse, Lamp Post Pizza, Mountain Mike's Pizza, and Hungry Howie's Pizza & Subs count as bona fide Italian chains. New 400 arrival Schwartz Brothers Restaurants is a diversified dinnerhouse group that operates, among its other concepts, three Cucina! Cucina! units in the Seattle area.

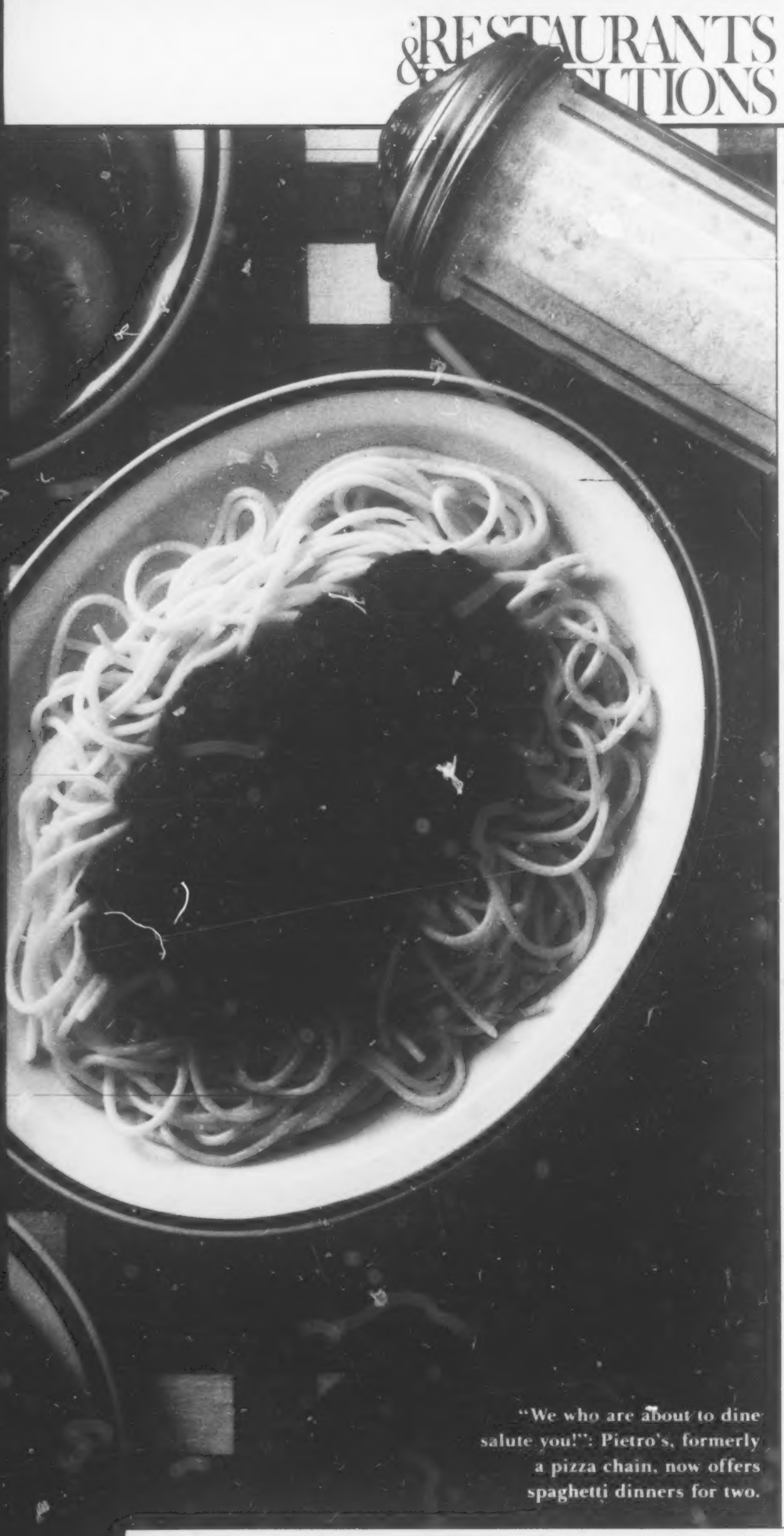
☐ Contractors such as ARA, Marriott and Morrison's are adding pasta bars and entire pasta concepts to augment already successful pizza programs.

☐ McDonald's, Wendy's and Burger King are experimenting with pizza. A Chicago McDonald's franchisee has rolled out an entire Italian menu.

☐ Brown's Chicken, whose extensive catering menu has always offered pasta, moved four of those dishes to its restaurant menu. KFC is testing pasta in its Nevada outlets.

WHY ITALIAN?

The Olive Garden's success showed the rest of the industry that Italian dishes look good on paper as well as on plates. Most of these dishes are ones Americans have enjoyed at home for ages—lasagna, macaroni and baked ziti; veal and chicken Parmesan; pasta with



"We who are about to dine salute you!": Pietro's, formerly a pizza chain, now offers spaghetti dinners for two.

red and white sauce; and of course, spaghetti and meatballs.

For one, the food is relatively low-cost. More important, these low costs can be passed on to consumers, making Italian food a good value in an era where value reigns. The Italian chains in this year's 400—Sbarro, LaRosa's, The Pasta House as well as The Olive Garden—offer portions big enough for the next day's lunch, priced at around $10 or $12. And they are served with unlimited refills of bread and salad.

Second, Italian food can be tailored to either uptown or downtown tastes. The Pasta House's beef Marsala ($13.95), is a midscale version of veal Marsala, easily a $17 entree. Ravioli, a simple hot lunch for the nation's school children, is served as an appetizer ($3.50) at The Olive Garden.

QUICK CUCINA

The Italian items making the most news these days are those being tested by fast-food chains, mostly in an effort to build business during the underused dinner daypart. That's the strategy behind McDonald's experiments with both pizza and pasta. The top burger chain now sells 12-inch pizzas at dinner and also offers a 6-inch size during lunch in the 420 stores testing the product.

One year ago, the chain also began serving up pasta in a half-dozen units in Pennsylvania: spaghetti ($1.99 for a side order, $2.49 for an entree), fettuccine with meat or white clam sauce ($2.99), tortellini ($3.39), and lasagna ($3.69). And last winter, Angelo Lencioni, the "Rock 'n Roll McDonald's" franchisee in Chicago, began offering complete Italian dinners in the $5 to $6 range after 4 p.m. Customers can choose from a rotating menu of such Italian fare as chicken Parmesan, ravioli with marinara sauce, and tortellini with Alfredo cream sauce. Dinners, ordered at the counter, are delivered to the customers' table, which boasts a tablecloth and a lighted candle.

Other chains also have done well with pasta. Lombard, Ill.-based Brown's Chicken has found its Lotsa Pasta dinner line, offered since September 1989, successful enough to market it by changing its logo to read "Brown's Chicken & Pasta." Kentucky Fried Chicken is testing pasta in some of its Nevada stores. And both fast-food chain Wendy's and steakhouse chain Sizzler have long featured pasta with

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400: OVERVIEW

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Customers like the perceived value of Italian food: big portions, small prices and lots of leftovers.

a variety of sauces on their buffets.

The most recent Italian quick-service introduction has nothing to do with pasta. Wendy's now has a hand-held sandwich item resembling a small calzone in limited test in Pennsylvania. Called a Stromboli, the sandwich holds slices of pepperoni, cheese and tomato sauce in a garlic-flavored roll.

On the full-service side, The Olive Garden has added such dishes as linguine and clam sauce, cannelloni, and crab Alfredo in the last year. The Olive Garden's policy is to refresh its menu constantly with daily managers' specials and limited-time promotional "events" such as last spring's Carnival of Venice. Like crab Alfredo, which began as a limited-time promotion, items that prove popular might find their way onto the permanent menu.

Well known in its markets for pizza and calzone, the Sbarro chain nevertheless claims that about half its $249 million in sales in 1990 came from lasagna, cannelloni, spaghetti and meatballs, baked ziti and a program of daily pasta specials.

BUYOUTS AND START UPS

Many 400 companies that don't offer Italian food are buying companies that do. Dallas-based Western Sizzlin bought the 45-unit Valentino's chain last spring and plans to expand the concept beyond its Midwestern base. Although it offers an a la carte menu, Valentino's is best known among its customers for a pizza-and-pasta buffet. The purchase also marks the return of Western Sizzlin President Frank Carney to Italian cuisine—a segment he and his brother Dan left in 1977 when they sold PepsiCo a little start-up pizza chain called Pizza Hut.

Meanwhile, sweets chain Baskin-Robbins has purchased Gelato Classico, a 31-store Italian concept based in San Francisco. About half those units are Caffe Classico outlets, which offer counter service of a menu of Italian soups, salads, sandwiches, ice cream, pastries and premium coffees for an average check of less than $5.

Other 400 members are building a presence in the Italian market via start ups. Later this summer, Wichita, Kan.-based Pizza Hut, the nation's largest pizza company, will open the first test unit of a full-service Italian concept offering an expanded menu of pastas, meat and poultry entrees and upscale pizzas. Unnamed at press time, the pilot will be Pizza Hut's boldest attempt yet to enter the market now dominated by The Olive Garden.

Brinker International's primary concept is its Chili's Grill & Bar casual restaurants. But the company has high hopes for its new Romano's Macaroni Grill, an informal Italian dinner-house featuring display cooking and wood-fired ovens. This year, Brinker hopes to add two or three Texas and Florida outlets to the single Macaroni Grill in operation.

New Italian offerings from other 400 members include Milano's, a trattoria concept planned by Magic Pan International, San Mateo, Calif. Still in the development stage, Milano's will carry pizzas, pasta and rotisserie chicken at prices from $7 to $10. And Lettuce Entertain You Enterprises opened its third Tucci outlet last spring. This one, called Tucchetti, is located in Phoenix and makes the fifth in Chicago impresario Richard Melman's gallery of Italian concepts. The others—Tucci Benucch, Tucci Milan, Avanzare and Scoozi!—all are in Chicago.

—***Brian Quinton***

HERE'S WHAT'S COMING UP ON 400 MENUS

▶ **McDonald's** has rolled out breakfast burritos and chicken fajitas for a limited-time summer promotion. But its long-term focus remains on dinner—and all the pastas, sub sandwiches and pizzas currently in test.

▶ **Burger King** is driving home the once-classic message about customer service with its new ad tag line, "Your Way, Right Away. BK also is reformulating its popular BK Broiler chicken sandwich, reducing its calorie count from 379 to 300.

▶ **Kentucky Fried Chicken** is in the midst of its Lite 'n Crispy skinless-chicken rollout, and also is testing fried and nonfried sandwiches to build lunch business.

▶ **Taco Bell** has added five chicken dishes to its permanent value menu. The company now is rolling out systemwide its "Fiesta Menu" of snack-size tacos, tostadas and burritos for 39 cents, building a new bottom tier into its value-priced permanent menu.

▶ **Arby's** hopes to ride the nutrition wave with a "New Light Menu" now in test. It features sandwiches with fewer than 300 calories—many on multigrain buns with low-calorie mayonnaise.

▶ **Canteen** has unveiled its Smart Burger, a quarter-pound hamburger with less than 200 calories and about 4 grams of fat. B&I accounts will be the first to get the new item. But in time, the new burger will find its way into all Canteen accounts except corrections.

▶ **Bob Evans Farms** has debuted a new spicy sausage product, Hotz!, and will enter the casual Mexican segment in the next year with Cantina del Rio.

▶ **Popeyes Famous Fried Chicken** is testing new products despite its Chapter 11 filing. In development are onion rings, chicken tacos, fruit salad and skinless fried chicken.

▶ **Carvel** will accompany its new logo, look and market position as cake maker with four new varieties of ice cream cakes, including Cherries Jubilee.

▶ **Captain D's** has launched its "Captain's Grille" line, three low-priced broiled entrees. The rollout makes a total of five non-fried items available to Captain D's customers.

▶ **Restaura** will expand its "Wellness Connection" menu with the rollout of its branded chicken concept, La Strata Pizza and Healthful Harvest modules.

▶ **El Pollo Loco** is gearing up to roll out chicken tacos and burritos—the first truly Mexican items for the marinated-chicken chain born in Mexico.

▶ **Furr's/Bishop's** continues to test the waters outside the cafeteria segment with new concepts. El Paso BBQ offers ribs, chicken and steak in a full-service setting; a second unit, opening this fall, also will have a full bar.

400: RANKING

Organization	400 Rank	Sales $MM	Units
HAMBURGERS ($34,374.3MM)			
1. McDonald's	1	18,758.9	11,803
2. Burger King	2	6,100.0	6,200
3. Hardee's	5	3,158.1*	3,622*
4. Wendy's International	6	3,070.3	3,727
5. Jack In The Box	28	943.0	1,035
6. Carl's Jr.	42	578.4	578
7. Sonic Industries	56	454.6	1,043
8. White Castle System	75	321.0	261
9. Whataburger	101	235.5*	374*
10. Krystal	120	199.0	236
11. Rally's Hamburgers	132	176.9	264
12. Fuddruckers	135	171.0	131
13. Druther's International	198	94.0	135
14. Arctic Circle	346	40.0	106
15. In-N-Out Burgers	361	38.1*	64
16. Checkers of North America	375	35.5	70
LODGING ($12,385.0MM)			
1. Sheraton	14	1,600.0	1,600
2. Marriott Lodging Division	20	1,363.4*	766*
3. Hilton Hotels	22	1,122.0	1,200
4. Hyatt Hotels	31	912.8*	380*
5. Holiday Inn Hotels	32	869.0*	2,700**
6. Choice Hotels	34	750.0	998
7. Days Inns of America	38	661.9*	1,112
8. Westin Hotels and Resorts	44	525.0	468
9. Inter-Continental Hotels	47	514.1	425
10. Radisson Hotels	65	380.0	415
11. Hyatt International	80	299.0**	185**
12. Ramada Hotels	81	295.1*	480*
13. Stouffer Hotels	105	227.5*	112*
14. Four Seasons Hotels & Resorts	107	224.0	92
15. Embassy Suites	116	200.0	105
16. Bally Casino Resorts	118	200.0**	33
17. Ritz-Carlton Hotels	122	195.4*	76
18. Red Lion	152	146.0	131
19. Doubletree Hotels	158	138.6*	100
20. Caesar's World	163	136.0	34
21. Harrah's Casino Hotels	165	134.8	32
22. Omni Hotels	174	119.2	89
23. Circus Circus Enterprises	178	112.3	37
24. Trusthouse Forte Hotels	182	106.9	124
25. Loews Hotels	190	100.7	80
26. Golden Nugget Casinos	202	92.2	18
27. Princess Hotels International	215	84.3*	34
28. Resorts International	236	72.0	23
29. Wyndham Hotels & Resorts	237	72.0	35
30. Prime Motor Inns	241	70.0**	75
31. Fairmont Hotels	247	66.3	23
32. The Boyd Group	253	64.6	28
33. Registry Hotels	257	61.4	15
34. Adam's Mark Hotels	270	57.0	33
35. Pointe Resorts	275	55.4*	11
36. Guest Quarters Suite Hotels	296	50.0	30
37. Showboat	299	49.3	12
38. Aztar	306	47.4	38
39. Doral Hotels & Resorts	317	45.0	16
40. Opryland Hotel	328	43.0	8
41. Amfac Resorts	341	40.7*	21*
42. Helmsley Hotels	342	40.7*	15**
43. Sonesta Hotels	349	40.0	30
CONTRACT MANAGEMENT ($12,168.4MM)			
1. ARA Services	7	2,700.0	2,600
2. Marriott Management Services	8	2,700.0	2,388
3. Canteen	19	1,370.0	1,632
4. Service America	24	1,100.0	1,650
5. Morrison's Custom Mgmt.	41	602.0	693
6. Ogden Services	52	465.0	75
7. Seiler/FDI	66	376.1*	477
8. Restaura	79	300.0†	300
9. ServiceMaster	91	264.0	305
10. Harry M. Stevens	110	210.0	29
11. Trusthouse Forte Food Services	117	200.0	575
12. daka Food Service	119	200.0**	474
13. The Wood Co.	121	198.3	290
14. Concession Air	134	174.0	38
15. Sportservice	136	169.0	170
16. Universal Services	142	160.0	500
17. Club Corp. of America	150	147.0	181
18. Professional Food-Service Mgmt.	196	95.2	129
19. Guest Services	201	93.0	128
20. Wometco Food Services	207	90.0**	960
21. TrettCo	210	88.7	122
22. Valley Innovative Mgmt. Svcs.	233	74.4	137
23. Sanese Services	251	65.0	62

1990 sales and units. *R&I estimate. **company estimate. †commercial equivalent

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400: RANKING

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Organization	400 Rank	Sales $MM	Units
24. Nutrition Mgmt. Services	268	58.0	100
25. Southern Foodservice Mgmt.	300	49.0	86
26. Guckenheimer	308	47.0	117
27. Lackmann Food Service	333	42.1**	48
28. Flik International	386	34.0**	66
29. CVI Service Group	393	32.5†	51
30. RA Restaurant Services	394	32.1	19
31. Blue Ribbon Services	396	32.0	68

PIZZA/ITALIAN ($12,065.1MM)

Organization	400 Rank	Sales $MM	Units
1. Pizza Hut	4	4,900.0	8,040
2. Domino's Pizza	9	2,650.0	5,376
3. Little Caesars Pizza	18	1,400.0	3,173
4. The Olive Garden	39	644.6*	270*
5. Round Table Pizza	76	311.0	563
6. Sbarro	96	249.0	457
7. Godfather's Pizza	104	229.0**	525
8. ShowBiz Pizza Place/Chuck E. Cheese's	111	209.8	258
9. Shakey's	130	180.0	374
10. Pizza Inns	140	165.0	425
11. Papa Gino's of America	159	138.0	218
12. Mazzio's	161	137.0	265
13. Mr. Gatti's	167	130.3*	300
14. Pizzeria Uno Restaurants	173	120.2	85
15. Sir Pizza International	231	75.0**	107
16. Peter Piper	266	58.6*	116
17. Hungry Howie's Pizza & Subs	272	57.0	177
18. The Old Spaghetti Factory	292	51.0	36
19. LaRosa's	325	43.0	49
20. California Pizza Kitchen	352	40.0**	19
21. Spaghetti Warehouse	354	40.0**	17
22. Pietro's	366	37.5*	79
23. Mountain Mike's Pizza	368	37.0	70
24. Noble Roman's	369	37.0	76
25. Lamp Post Pizza	374	35.8	64
26. The Pasta House	378	35.0	26
27. Valentino's	383	34.3	43

FAMILY DINING ($8,716.3MM)

Organization	400 Rank	Sales $MM	Units
1. Denny's	15	1,528.9	1,358
2. Big Boy	25	1,000.0	950
3. Shoney's Restaurants	26	993.3	735
4. Friendly Ice Cream	45	520.0	799
5. Perkins Family Restaurants	51	471.2	393
6. Intl. House of Pancakes Restaurants	64	384.0	490
7. Bob Evans Farms	67	358.0*	241
8. Waffle House	84	287.8*	702
9. Marie Callender's	93	260.0	160
10. Bakers Square	95	250.0	165
11. Village Inn Restaurants	99	240.2	228
12. Marriott Family Restaurants	106	225.0*	215
13. Cracker Barrel Old Country Store	128	183.9	88
14. Country Kitchen	131	177.6	246
15. Frisch's Big Boy	133	176.0	173
16. PoFolks	139	165.0	137
17. Carrow's Restaurants	164	134.9	108
18. Lyon's Restaurants	171	120.5	75
19. Kettle Restaurants	179	108.4*	167
20. Steak 'N Shake	180	107.6	117
21. Dobbs Houses	187	102.1*	300
22. Huddle House	218	80.5*	198*
23. Eat'N Park Restaurants	221	80.0	52
24. Howard Johnson	222	80.0**	100
25. Swensen's Ice Cream	230	75.0	256
26. Au Bon Pain	240	70.2	86
27. Stuckey's	258	60.7	104
28. Shari's Family Restaurants	279	55.0	52
29. Soup Exchange	280	55.0	35
30. Olga's Kitchen	297	50.0	53
31. Skyline Chili	316	45.0	76
32. Vie de France Bakery & Cafe	321	44.0	42
33. Country Pride Restaurants	338	41.6*	40
34. Toddle Houses/Steak 'N' Egg	340	41.0**	148
35. King's Family Restaurants	364	38.0**	22
36. Happy Chef Restaurants	370	36.7	59
37. Elmer's Pancake & Steak House	377	35.0	28
38. Tippin's Restaurants	385	34.0	20

CHICKEN ($8,818.7MM)

Organization	400 Rank	Sales $MM	Units
1. Kentucky Fried Chicken	3	5,773.0	8,187
2. Popeyes Famous Fried Chicken	43	547.0	786
3. Church's Chicken	48	514.0	1,163
4. Chick-fil-A	82	293.7	441
5. El Pollo Loco	123	194.9	250
6. Grandy's	129	183.1	201
7. Lee's Country Chicken	154	145.0	281
8. Bojangles' Chicken & Biscuits	170	121.0	154
9. Brown's Chicken	195	96.0	148

1990 sales and units. *R&I estimate. **company estimate. †commercial equivalent

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400: RANKING

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Organization	400 Rank	Sales $MM	Units
10. Mrs. Winner's Chicken & Biscuits	224	79.0	116
11. Pioneer Chicken	348	40.0	150
12. Sisters Chicken & Biscuits	400	32.0	40

SWEETS ($5,945.8MM)

Organization	400 Rank	Sales $MM	Units
1. Dairy Queen	11	2,316.3*	5,207
2. Dunkin' Donuts	30	913.0	1,747
3. Baskin-Robbins Ice Cream	37	671.1*	3,318
4. TCBY Enterprises	69	343.0	1,847
5. Carvel Ice Cream Bakery	126	190.0	656
6. Braum Ice Cream & Dairy Stores	141	163.8*	236
7. Mrs. Fields	144	154.7*	600
8. Mister Donut of America	146	150.0	504
9. Tastee-Freez	168	130.0	364
10. Haagen-Dazs	191	100.7*	377*
11. Fosters Freeze International	197	95.0	180
12. Orange Julius	208	89.8*	614
13. Winchell's Donut House	217	80.9*	385*
14. I Can't Believe It's Yogurt	250	65.0	430
15. The Original Cookie Company	263	60.0	250
16. Great American Chocolate Chip	264	59.9*	330*
17. Cinnabon Cinnamon Rolls	311	46.0	148
18. Freshens Yogurt	315	45.0	241
19. Bresler's Ice Cream & Yogurt	324	43.0	300
20. Hot Sam/Corn Dog on a Stick	327	43.0*	279
21. David's Cookies	337	41.7*	238
22. Everything Yogurt	347	40.0	315
23. Penguin's Frozen Yogurt	379	35.0	126
24. T.J. Cinnamons Bakeries	380	35.0	150
25. La Petite Boulangerie	387	33.9*	113*

DINNER HOUSES ($4,973.5MM)

Organization	400 Rank	Sales $MM	Units
1. T.G.I. Friday's	49	506.7	167
2. Bennigan's Restaurants	53	461.0	223
3. Chili's Grill & Bar	62	387.5**	246*
4. The Ground Round	85	284.0	199
5. Applebee's Neighborhood Grill & Bar	103	233.3c	160
6. Ruby Tuesday	112	209.0**	131
7. Houlihan's	114	206.1	76
8. Specialty Restaurants	137	167.0	72
9. Brown Derby	148	149.5*	53*
10. Red Robin International	151	146.0	68
11. Chart House Restaurants	155	143.2*	65*
12. Prufrock Restaurants	169	124.4	79
13. JB's Restaurants	177	114.8	133
14. Houston's Restaurants	200	93.0	20
15. Lettuce Entertain You Enterprises	204	91.0*	29
16. Benihana of Tokyo	205	90.0	49
17. Hooters Restaurants	212	85.0	48
18. The Levy Restaurants	229	75.0	36
19. Bill Knapp's Michigan	235	73.8*	61
20. Restaurants Unlimited	245	68.5	21
21. Trans/Pacific Specialty Restaurants	255	64.0	35
22. O'Charley's	261	60.0	31
23. Magic Pan	267	58.0	54
24. Bombay Bicycle Club	269	58.0	34
25. Restaurant Associates	276	55.2	18
26. Hard Rock Cafe America	277	55.0	11
27. Charlie Brown's/The Office	285	52.1	33
28. Trader Vic's	287	52.0*	20
29. Creative Restaurant Management	288	51.5*	22
30. Hamburger Hamlet	302	48.4	23
31. Entertainment One	303	48.0	20
32. Peasant Restaurants	305	47.5*	19
33. Bobby McGee's USA	307	47.0	17
34. Velvet Turtle	319	44.6*	21
35. Columbia Restaurants	334	42.0	10
36. Stouffer Specialty Restaurants	336	42.0*	20*
37. Spectrum Restaurants	350	40.0	15
38. Spire's Restaurants	351	40.0	22
39. Ark Restaurants	357	39.0	15
40. Palm Restaurants	362	38.0	11
41. Shells Restaurants	363	38.0	28
42. The Cheesecake Factory	365	37.5	5
43. Grand American Fare	372	36.0	32
44. T.K. Tripps	373	36.0*	24
45. Hatsuhana Restaurants	381	35.0	3
46. The New York Restaurant Group	384	34.2	6
47. Cooker Restaurants	388	33.7	12
48. Schwartz Bros. Restaurants	399	32.0	15

STEAKHOUSES/BBQ ($4,805.2MM)

Organization	400 Rank	Sales $MM	Units
1. Sizzler Restaurants Intl.	29	916.7	662
2. Ponderosa	36	699.0	760
3. Bonanza Restaurants	46	515.0	483
4. Western Sizzlin' Steak House	57	445.0	440
5. Golden Corral	68	353.7*	404
6. Ryan's Family Steak Houses	71	331.0	159

1990 sales and units. *R&I estimate. **company estimate. †commercial equivalent

continued on page 30

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400: RANKING

continued from page 26

Organization	400 Rank	Sales $MM	Units
7. Quincy's Family Steakhouses	87	281.5	212
8. Tony Roma's—A Place for Ribs	102	234.0	141
9. Steak & Ale	109	214.0*	158
10. Stuart Anderson's Restaurants	127	185.3*	86
11. Western Steer Family Steakhouse Restaurants	156	142.4	145
12. Paragon Steakhouse Restaurants	199	93.6*	50
13. Sonny's Real Pit BBQ	220	80.3	70
14. Sirloin Stockade International	254	64.0	74
15. Damon's	256	62.0	40
16. Ruth's Chris Steak House	262	60.0	29
17. Mr. Steak	291	51.0	85
18. Bobby Rubino's Place for Ribs	323	43.4	20
19. The Hilltop Steakhouse	390	33.3*	2
MILITARY ($4,763.2MM)			
1. U.S. Army Center of Excellence, Subsistence	17	1,429.0†*	995*
2. U.S. Navy Food Service Systems	27	954.8†	680
3. Army & Air Force Exchange Service	40	636.7†	2,633
4. U.S. Air Force Engineering and Services Ctr.	59	408.0†	595
5. U.S. Marine Corps	73	322.2†	104
6. Dept. of Veterans Affa[illegible]	90	266.0†	172
7. U.S. Air Force Clubs Branch	115	203.1†	277
8. U.S. Army Commun. & Fam. Support	143	157.5†*	575*
9. Navy Resale and Svcs. Support	186	102.7†	642
10. U.S. Navy Officer's and Enlisted Club System	214	84.6†	363
11. Veterans Canteen Service	265	59.9†*	172
12. U.S. Army Medical Dept.	295	50.2†*	50
13. U.S.M.C. Morale, Welfare & Recreation Support	301	48.7†	364
14. U.S. Coast Guard	355	39.8†	398
MEXICAN ($4,322.6MM)			
1. Taco Bell	10	2,400.0	3,273
2. Chi-Chi's	55	458.9	222
3. El Torito Restaurants	61	397.0	180
4. Del Taco	125	191.5*	319
5. Taco John's	166	133.1	445
6. El Chico	184	106.4*	83
7. Taco Time	194	99.0	373
8. Garcia's Mexican Restaurants	211	87.5	53
9. Pancho's Mexican Buffet	232	74.5	67
10. Acapulco Restaurants	234	74.0	41
11. Taco Villa	243	69.4	145
12. Taco Bueno	259	60.6	110
13. Red Onion Restaurants	278	55.0	16

1990 sales and units. *R&I estimate. **company estimate. †commercial equivalent

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400: RANKING

continued from page 31

Organization	400 Rank	Sales $MM	Units
2. Long John Silver's Seafood Shoppes	33	781.6**	1,446
3. Captain D's Restaurants	58	412.1	629
4. Skipper's	189	101.2	215
5. L&N Seafood Grill	225	78.8	34
6. Rusty Pelican Restaurants	227	76.3	32
7. C.A. Muer	284	53.0	15
8. Legal Sea Foods	286	52.0	8
9. Phillips Seafood Restaurants	371	36.3	6
10. The Original Seafood Shanty	391	33.0	14
11. Arthur Treacher's	395	32.0	97
TRANSPORTATION ($2,802.8MM)			
1. Caterair International	21	1,162.0†	114
2. Dobbs International Services	54	460.0†*	52
3. Sky Chefs	63	385.6†	39
4. United Airlines	70	332.8†	17
5. Trans World Airlines	97	244.0†*	3
6. Northwest Airlines	147	149.5†	60
7. AMTRAK	244	68.9	300
CAFETERIAS ($1,847.9MM)			
1. Morrison Family Dining Div.	60	397.0	172
2. Luby's Cafeterias	76	320.0	141
3. Furr's/Bishop's Cafeterias	86	282.9	157
4. Piccadilly Cafeterias	89	280.0**	143
5. Wyatt Cafeterias	124	194.0	126
6. Old Country Buffets	153	145.2	94
7. King's Table Buffets	213	85.0	79
8. K&W Cafeterias	252	65.0**	24
9. MCL Cafeterias	309	46.8*	27
10. Royal Fork Buffet Restaurants	398	32.0	20
HEALTH CARE ($1,661.3MM)			
1. National Medical Enterprises	88	280.0†	675
2. Beverly Enterprises	98	242.2†	862
3. United Health	100	238.0†	151
4. Hospital Corp. of America	157	138.6†	128
5. Daughters of Charity Health Systems	181	107.5†*	40*
6. Humana	188	101.9†	81
7. Health Trust	223	79.5†	85
8. Adventist Health System	228	75.8†*	138
9. Manor Health Care	238	71.7†	168
10. New York City Health & Hospitals	281	55.0†*	17
11. Evangelical Lutheran Good Samaritan Society	289	51.2†*	209*

1990 sales and units. *R&I estimate. **company estimate. †commercial equivalent

RESTAURANTS & INSTITUTIONS

Organization	400 Rank	Sales $MM	Units
14. Casa Olé Restaurants & Cantinas	343	40.5	36
15. Two Pesos Mexican Cafes	344	40.2	29
16. Carlos Murphy's Restaurants	376	35.0	17
SANDWICHES ($3,973.7MM)			
1. Arby's	16	1,430.0	2,420
2. Subway	23	1,100.0	5,380
3. Rax Restaurants	77	319.2	454
4. Roy Rogers	94	250.8*	400*
5. A&W Restaurants	108	216.9	751
6. Blimpie	175	117.0	409
7. Wienerschnitzel	176	114.9	288
8. Togo's Eatery	248	66.0	133
9. Schlotzsky's	271	57.0	238
10. Carousel Snack Bars of Minnesota	282	54.5	270
11. Jerry's Subs & Pizza	322	43.5	75
12. Mr. Philly/Mr. Hero	326	43.0	125
13. Maid-Rite Products	331	42.5	170
14. Nathan's Famous	339	41.0	64
15. Miami Subs/Mr. Submarine	353	40.0**	55
16. Sandwich Chef	367	37.4	135
INSTITUTIONS ($3,496.2MM)			
1. USDA Food & Nutrition Svcs.	12	2,115.8†	1,493
2. Calif. Dept. of Corrections	92	263.2†	238
3. U.S. Dept. of Justice, Federal Prisons	162	136.9†	65
4. Fla. Dept. of Corrections	183	106.4†	127
5. Calif. Dept. of Rehabilitation	192	100.0	260
6. N.Y. State Dept. of Correctional Svcs.	203	92.0†	67
7. N.Y. State Office of Mental Health	216	84.0†	32
8. Mich. Dept. of Corrections	226	77.6†	69
9. N.Y. State Office of Mental Retardation	239	70.3†	20
10. N.J. Dept. of Corrections	242	69.7†	68
11. Pa. Dept. of Corrections	249	65.8†	32
12. Pa. Dept. of Public Welfare	274	56.0†**	32
13. Ohio Dept. of Rehabilitation & Correction	283	53.2†**	22
14. Calif. Dept. of Developmental Svcs.	294	50.4†	11
15. N.C. Dept. of Corrections	330	42.6†	91
16. Texas Dept. of Corrections	345	40.1†*	61*
17. N.J. Dept. of Human Svcs.	356	39.2†	14
18. Texas Dept. of Mental Health	392	33.0†	27
SEAFOOD ($3,256.3MM)			
1. Red Lobster	13	1,600.0*	610*

1990 sales and units: *R&I estimate. **company estimate. †commercial equivalent

continued on page 32

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RESTAURANTS & INSTITUTIONS

Organization	400 Rank	Sales $MM	Units
12. American Medical International	304	47.8†*	43
13. Life Care Center	312	46.0*	124*
14. Health Care & Retirement	314	45.6†	135
15. National Healthcorp	335	42.0†	75
16. Texas Health Enterprises	360	38.5†*	110
CONVENIENCE STORES ($1,145.8MM)			
1. 7-Eleven	35	731.7	6,500
2. Circle K Stores	138	166.3*	4,681
3. Wawa	145	150.0	486
4. Emro Marketing	290	51.1	878
5. Casey's General Store	310	46.5**	786
EDUCATION ($1,097.7MM)			
1. New York City Board of Education	74	322.0†**	1,262
2. Los Angeles Unified School District	113	208.6†**	684
3. Chicago Board of Education	160	138.0†**	581
4. Dade County Schools	209	89.6†**	300
5. School District of Philadelphia	293	50.7†**	262
6. Hawaii Statewide School System	313	45.9†**	230
7. Detroit Public Schools	318	44.8†**	246
8. Houston Independent School District	320	44.2†**	229
9. Dallas Independent School District	329	42.8†**	193
10. Michigan State University	358	38.9†**	44
11. Broward County School Board	359	38.6†**	175
12. Hillsborough County School Board	389	33.6†**	149
RETAIL ($1,060.4MM)			
1. K mart	72	326.0	1,800
2. Wal-Mart Stores	83	290.5*	1,229
3. F.W. Woolworth	149	148.4	725*
4. Dayton Hudson Department Stores	206	90.0	108
5. Target Stores	246	67.0	420
6. McCrory Stores	273	56.8	296
7. Nordstrom	298	49.7	69*
8. Flying J Travel Plazas	397	32.0	45
RECREATION ($1,047.9MM)			
1. Walt Disney	50	506.0	209
2. Carnival Cruise Lines	172	120.4*	58*
3. Royal Caribbean Cruise Line	185	103.6†	54
4. Busch Entertainment	193	100.0*	110*
5. Six Flags	219	80.5*	340*
6. Holland America Line	260	60.2†*	52
7. Leiserv	332	42.2	126
8. Universal Studios Florida	382	35.0*	15

1990 sales and units. *R&I estimate; ** company estimate; †commercial equivalent

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BURGER GIANTS LURE CUSTOMERS WITH LOW PRICES, BROAD MENUS

Chains' menu changes prove all's fare in the battle for customer dollars.

A soft economy is spurring the nation's biggest burger chains to new heights of value, variety and nutrition.

Faced with declining traffic, value has become the primary destination for all the segment's chains, but in many cases the paths they have taken are different:

☐ McDonald's strategy focuses on lowering the price of several menu items and promoting meal combinations. In most markets, its hamburgers are marked down to 59 cents and its cheeseburgers to 69 cents. In its test of the new pricing, McDonald's said it took three to six months to improve its image regarding value.

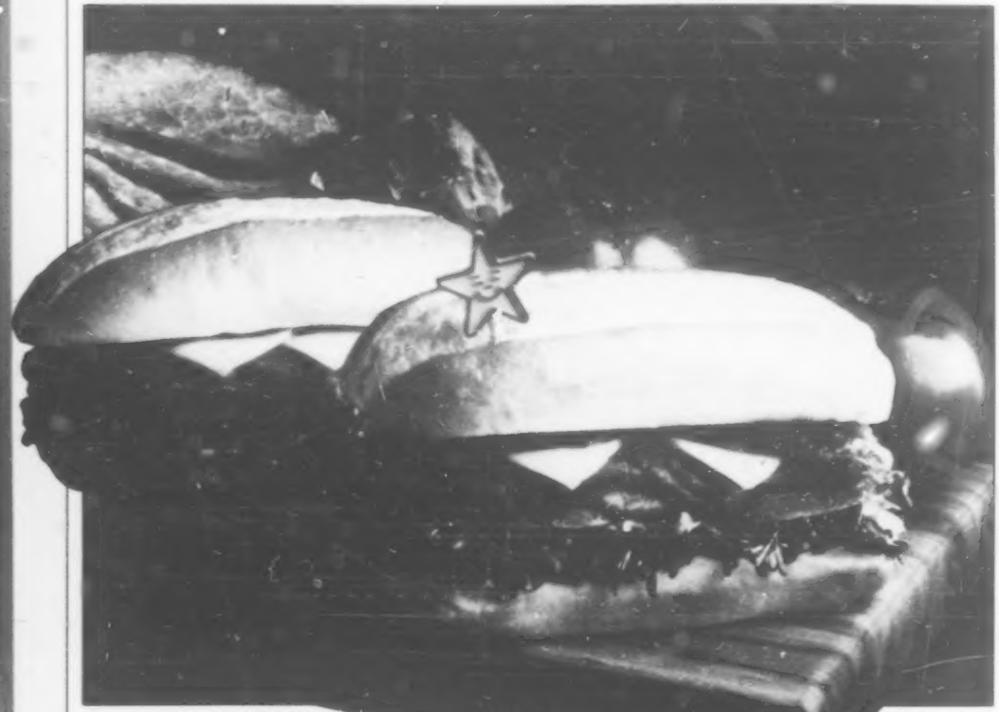
☐ Burger King is pinning its hopes for summer on a national discount tactic that offers customers a Whopper for 59 cents when they buy one at the regular price. To enhance its value image, the chain taps popular name-brand foods and discounts heavily in many areas.

☐ Competition forced Hardee's to offer discounts as deep as three burgers for a dollar last year. But this year, the chain has switched to a Family Value Meal in many markets. The value menu offers six to eight discount-priced items, including a 59-cent burger, 25-cent drink refills and a $1.99 kid's meal. Initially, the chain intended the Family Value Meal as a long-term systemwide repositioning, but some markets have backed away from it.

McDONALD'S
$18,758.9MM

The lights of McDonald's test kitchens are burning late into the night. The Oak Brook, Ill.-based chain says it is churning out new and promotional products like never before. "We currently have the broadest range of test products in our history," says James Skinner, McDonald's senior vice president and zone manager.

Carl's Jr., this year celebrating its 50th anniversary, has expanded its sandwich line.



The chain displayed its newfound aggressiveness in March with its rapid systemwide introduction of McLean Deluxe. The sandwich, which boasts a 91%-fat-free hamburger patty, went from test to U.S. rollout in about four months.

Like McLean Deluxe, many of McDonald's latest menu changes are aimed at the health-conscious customer. The chain is testing a grilled chicken sandwich and packaged carrot and celery sticks. It added apple bran muffins, and it replaced a shredded cheese topping for most salads with grated carrots. It cut the sodium in its hot cakes and sausages by 30% and reformulated many sauces to be lower in fat.

McDonald's is testing submarine sandwiches, including tuna salad and Italian varieties, and the chain says it is responding to demand for more poultry products by developing new turkey items.

In addition, McDonald's is increasing its emphasis on regional and ethnic foods as well as limited-time offerings. The chain has launched a special promotion for summer featuring breakfast burritos and chicken fajitas.

McDonald's regional specials range from bagels in New York City to McLobster sandwiches in Maine. A big hit in the Chicago market this year was the McJordan sandwich, named for Chicago Bulls basketball star Michael Jordan. Other recent limited-time promotional products include the McRib and grilled steak sandwiches and a fried fish platter. In many cases, McDonald's uses the promotions to help gauge the strength of test items and narrow the search for permanent menu additions. "By increasing the number of products we're looking at, we stand a much better chance of hitting home runs,

---

*R&I estimate

Chains lowered prices on traditional burgers and introduced meal combos to enhance their value image.

which will bring more customers into McDonald's more often," Skinner says.

McDonald's still views dinner as an opportunity for new revenue, but a winning formula for increasing evening business remains elusive. "We continue work on a dinner menu to maximize sales and take advantage of existing capacity in our restaurants," says Skinner. "Dinner is a priority for the long term, but it will take time to develop the right mix of products." Both pizza, which is in test in more than 420 restaurants, and pasta entrees, also in test, are likely to figure heavily in McDonald's dinner efforts.

BURGER KING
$6,100.0MM

Burger King's new menu additions for summer —brand-name ice cream candy bars and frozen treats—reflect the chain's commitment to cross-branding. The Miami-based chain's stable of brand-name items includes a salad dressing line and Domino's pizza, which has been in test since fall 1990 in South Carolina.

"Rather than us going out and creating a Burger King pizza product, we went out and did this joint venture with Domino's because everyone knows what Domino's is, what it stands for, what it tastes like," says spokesman Michael Evans.

Burger King hopes that the addition of popular brands to its menu will give it an edge with customers. "Within the minds of the consumers, there's already in place a recognition factor as well as a quality perception," says Evans.

Like most of its competitors, Burger King is increasingly nutrition-conscious. It is reformulating the sauce on its BK Broiler chicken sandwich to get the product below 300 calories. The sandwich currently weighs in at 379 calories.

The chain also has given a wake-up call to its breakfast business with the introduction of several new finger foods. The chain's new morning offerings include Breakfast Buddies sausage, egg and cheese sandwiches, which sell for 59 cents, and lemon poppy-seed mini muffins.

HARDEE'S
$3,158.1MM*

Hardee's most dramatic menu changes stem from its merger with Roy Rogers, the 648-unit fried chicken chain it purchased from Marriott in 1990.

The Rocky Mount, N.C.-based chain has converted about 500 Roy Rogers units to Hardee's. In the process, it has combined elements of both menus: Hardee's has added Roy Rogers' bone-in chicken and side items to about 500 of its stores, while Roy Rogers units are adding Hardee's breakfast and burgers.

In most markets, price sensitivity has hampered Hardee's plans to replace its own roast beef sandwich with Roy Rogers', which costs about a dollar more. "We upgraded our roast beef in Baltimore and Washington to theirs," says spokesman Jerry Singer. "But we haven't done it systemwide because it's hard to convince people to spend a buck more for a roast beef sandwich when they were happy with the product that they had before." Hardee's says it also has seen some trade-down by customers from the higher-priced Roy's chicken to the lower-priced Hardee's fare.

The merger stole much of the thunder from other new menu developments at Hardee's. Last year, for example, the company introduced the Lean 1, an all-beef hamburger with about 18 grams of fat, about 30% lower than the standard Hardee's burger. In response to McDonald's 1991 rollout of the McLean Deluxe, which has only 9 grams of fat, Hardee's has since reformulated the Lean 1. The product, now a leaner, more competitive 13 grams fat, is in test in Minneapolis and Tulsa, Okla.

Hardee's also has launched a line of Deli Supreme sandwiches, ranging in price

continued on page 42

HAMBURGERS

$34.4 billion

31.9% of all
400 commercial sales

TOP TRENDS

- Value-building strategies, including permanent loss leaders, offers of buy one get one at a discount and combination meals
- Nods toward nutrition; development and reformulation of burgers, sauces, salads and other items that are lower in fat, calories and cholesterol
- Expansion of menus and increased reliance on limited-time product promotions to boost variety and lift repeat business
- Development of products, notably pizza and pasta, to build dinner business
- Greater emphasis on regional and ethnic offerings

COMING UP

- McDonald's: Testing sub sandwiches, personal and dinner pizzas, and pasta
- Burger King: Reformulating BK Broiler to bring it under 300 calories
- Hardee's: Testing a revamped Lean 1 hamburger, which is down to about 13 grams of fat from 18 grams
- Carl's Jr.: Testing pizza for dinner
- White Castle: Testing clam strips, a grilled chicken sandwich and breaded, deep-fried cheese sticks

A complete ranking of the 400 by segment begins on page 21.

400: BURGERS

continued from page 37

Burger chains are testing pizza and pasta to build dinner business.

from $1.79 to $2.39. Varieties include roast beef, ham and cheese, grilled chicken and turkey club. All come on a whole-grain bun topped with lettuce and tomato.

The chain replaced its soft-serve ice cream with frozen yogurt in May. "We're not marketing it as a health food, because it's not low in fat or cholesterol, but it's lower in fat than our previous product," says Singer.

And in most markets, Hardee's has introduced two new muffins—oat bran and blueberry—to bolster breakfast business. The daypart accounts for 25% to 30% of the chain's sales, says Singer.

CARL'S JR.
$578.4MM

In 1941, Carl Karcher began selling hot dogs on a Los Angeles street corner from a cart he bought for $326. This year, Carl's Jr., now a 578-unit chain based in Anaheim, Calif., kicked off its 50th year with the reintroduction of two hot-dog features. Dubbed the All-Star hot dog, suggested retail $1.89, and All-Star chili dog, $2.29, the items were rolled systemwide in mid-January.

The chain's newest major introduction is its Santa Fe Chicken Sandwich, built around Carl Jr.'s charbroiled breast of chicken. The sandwich, served on a wheat bun, is topped with mild green chilies, American cheese, chopped lettuce and a spicy mayonnaise-based Santa Fe sauce. "It's a new taste," says spokeswoman Patty Parks. "It's basically taking the Santa Fe, Southwest-style cooking that's been popular in other types of restaurants, and putting it into a fast-food product."

Carl's Jr. rolled out the Santa Fe sandwich, priced about $2.69, in March.

In the first quarter of this year, the chain added a new fish sandwich, called Carl's Catch, to its menu. Parks says the sandwich, priced $1.89, is an improved version of a previous fish offering.

Carl's Jr. also rolled out a new seasoned fry product. The french fries have a light red-pepper-type coating. "It's just a little livelier," says Parks. A small order sells for 99 cents; a large order, for $1.49.

The chain's 1990 introductions included Fudge Moussecake and Raspberry Swirl Cheesecake, the Classic Double Cheeseburger and a breakfast burrito. It also reintroduced the country-fried steak sandwich. Carl's Jr. is testing pizza as a vehicle for building its dinner business

WHITE CASTLE
$321.0MM

White Castle's sole systemwide product introduction in 1990 was a 79-cent egg, cheese and sausage breakfast sandwich, says Kim Bartley, assistant director of marketing.

The Columbus, Ohio-based chain's conservative approach to menu additions has served it well for about 70 years. White Castle's unique hamburgers continue to account for more than 50% of its sales.

Nevertheless, the chain has a number of off-beat items in test, including clam strips, priced $1.45 to $1.59; a White Castle-size grilled chicken sandwich, 69 cents; and a five-piece order of breaded and deep-fried mozzarella cheese sticks, $1.49.

"I think White Castle, being a unique product, can offer other unique items that perhaps might not work as well in other hamburger concepts," says Bartley.

ARCTIC CIRCLE
$40.0MM

Midvale, Utah-based Arctic Circle plans to roll out a full light menu this fall. But before then, customers will get a taste of things to come from two new products—a grilled chicken sandwich and a grilled chicken club sandwich.

The grilled chicken sandwich, a 3-ounce patty served on bun with lettuce, tomato and low-fat mayonnaise, is priced at $2.49. Arctic Circle President Gary Roberts says he expects it to account for about 11% of sales.

The chicken club ($2.79) will replace the chain's fried-chicken sandwich, which now accounts for 2.5% of sales. The new light menu will include a taco salad, a chicken salad and a turkey sandwich, with prices ranging from $2.29 to $3.09.

Despite the move toward more healthful items, Arctic Circle's best sellers are ice cream confections, which account for about 20% of sales. Tests of frozen yogurt have not done well, Roberts says. "When customers come in for ice cream, they want a shake with all the calories they can get," he says.

Seems they're willing to load up on sandwich calories, too. A quarter-pound burger served with bacon, lettuce and tomato ($2.09) accounts for 6% of sales, and the Ranch Burger, a triple-decker burger served with cheese, lettuce and sauce ($1.79), accounts for 8% of sales, Roberts says.

Arctic Circle now is testing a Philadelphia cheesesteak sandwich as well as submarine sandwiches.

—Lisa Bertagnoli and Rajan Chaudhry

CHAINS ADD PIZZA

Following the lead of McDonald's, both Burger King and Carl's Jr. are testing pizza. And Wendy's is trying out stromboli, a downsized calzone.

McDonald's offers pizza in more than 420 units. It is testing a 6-inch personal pizza for lunch and a 12-inch pizza for dinner. Each carries a five-minute service guarantee.

Burger King's test of pizza involves a joint-venture with Domino's.

The one-year experiment with the personal-size pizzas began last September in Columbia, S.C. "We're going to let it run the full year, and then step back and see if it cannibalized sales and if it sold enough to justify the costs," says spokesman Michael Evans. Costs included the purchase of pizza ovens.

Carl's Jr. is testing several varieties of 14-inch pizza, priced from $8 to $11. Its pies are available after 4 p.m. and baked on premises.

Wendy's reportedly is taking a slightly different route than its competitors. It is testing a pepperoni stromboli—a pocket-pizza-type product—priced at $1.99.

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INSIDE:
Executive Salary Questionnaire

NEW DISHES FROM CALIFORNIA WINE COUNTRY

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MORE INSIDE! ▷▷▷
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Lured by high margins and the public's demand for convenience, supermarkets across the country are pursuing the takeout business aggressively. Popular restaurant food also is hot at supermarkets—pizza, hot entrees, submarine sandwiches and extensive salad selections are common offerings eating away at profits for local foodservice operations. Our feature inventories the many new marketing and service innovations supermarkets are introducing.

76 CALIFORNIA FOOD GETS DOWN TO EARTH

After years of media hype, celebrity-chef worship and far-out flights of food fancies, California gets back to basics, naturally, with its own country cooking. California wines, year-round harvests and seafood from its coastal waters now appear in simple, satisfying ways that rival France's famous robust Provençal cuisine. Our Taste feature visits the new California kitchen for food ideas and recipes worth adapting for menus everywhere.

93 THE CUTTING EDGE OF PRODUCTIVITY

Devices that cut, chop and slice ingredients for today's menus save time and labor. These devices do their best work, however, when they are conveniently located and properly maintained. Our Equipment section focuses on logistics and daily, weekly and monthly maintenance check points.

98 VEGETABLES WITH A FOREIGN ACCENT

Even the most familiar vegetables can star on menus of the day in every foodservice operation. Innovative chefs are adding French, Asian and Italian flavors to everyday vegetables such as onions, potatoes, carrots and celery. Pick-of-the-crop vegetable ideas include a quick way to peel tomatoes and a list of vegetable dishes that can be served hot, cold or room temperature.

ABOUT THE COVER

Inspired by recipes from other lands, creative chefs bring a portrait of vegetables to life in our Food feature.

FOOD 98
Ordinary onion with extraordinary foreign flavor is just one of the common vegetables enhanced by Italian, French and Asian recipes.

®R&I REPORT

MARKETING

LITTLE CAESARS AD SPENDING SOARED IN '90, REPORT FINDS

When it comes to ad-spending growth, Little Caesars rules. A study by LNA/Arbitron Multi-Media Service found that in 1990, the Detroit-based pizza chain hiked its ad budget for all media (network and cable TV, radio, magazines, newspapers and billboards) by a whopping 153.6%. McDonald's '90 ad spending, down 0.5%, was still big enough to make it the second-most-advertised brand of the year after AT&T. Total spending by the 10 most-advertised restaurant chains rose a moderate 5.8% in 1990 to $1.2 billion; all but 2% of that went to broadcast ads.

Chain	'90 ad spending (in $ MM)	% change from '89
McDonald's	$426.0	−0.5%
Burger King	177.6	1.2
KFC	118.4	−0.2
Pizza Hut	107.0	12.4
Wendy's	91.1	−1.9
Taco Bell	81.1	24.0
Domino's	69.[illegible]	11.9
Red Lobster	60.8	4.7
Little Caesars	54.4	153.6
Hardee's	42.9	−2.1

Source: LNA/Arbitron Multi-Media Service

McDONALD'S TODAY: CUTTING PRICES BUT NICKING PROFITS?

"Times change—as they often do," says one current McDonald's TV commercial. "People are taking better care of themselves, and of their money."

These are changed times indeed for McDonald's. The burger superpower once held itself aloof from price-cutting, maintaining that price was just one part of the "value" factor in its QSC and V equation. Now McDonald's is offering selected low-priced items in almost all its stores and talking about price cuts in almost all its ads.

LOCAL OPTIONS

Unlike Taco Bell, whose high ratio of company stores enabled it to dictate a single value menu, McDonald's suggests several low-priced menus to regional franchise co-ops.

Most domestic franchisees are offering a version of the "Real Value Menu," rolled out nationally last February: Its 59-, 69-, 79-cent structure features a few basic sandwiches such as the hamburger, cheeseburger and sausage McMuffin, and small drinks and fries.

But in some areas of the country, hot competition or a cold local economy has led McDonald's co-ops to make deeper price cuts on more items. For example, licensees of some 360 McDonald's in the Southern California market debuted their "Low Down Menu" last December. It offers a wider range of discounted items than the Real Value Menu, including breakfast burritos for 59 and 79 cents.

FEAR OF DISCOUNTING

As a corporation, McDonald's traditionally has opposed deep, permanent price cuts, preferring to follow a strategy of short-term price promotions and reductions on selected combination meals such as the Happy Meal. That attitude has changed in the light of the apparent success of lower everyday prices at Taco Bell and Wendy's.

Still, company leaders maintain that McDonald's has always been a strong price contender, but that price alone is not enough to distinguish a chain. "You can get a deal anywhere now," Chairman and CEO Michael Quinlan told shareholders in April. "The value menu is important, but it's not enough. To differentiate ourselves from our competitors, we have to do more." That "more" centers on menu expansion, with the accelerated rollout of new products such as breakfast burritos.

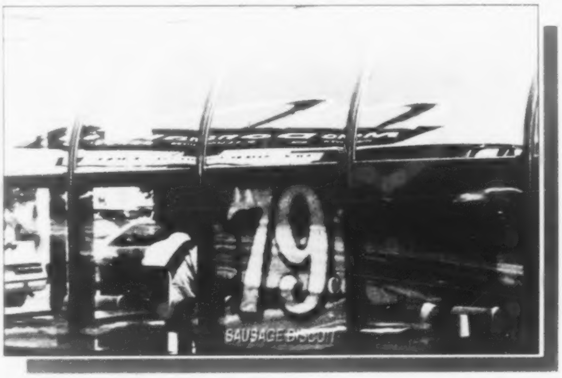
But the new low prices might be doing their job. Research from Merrill Lynch, New York, reports that McDonald's monthly domestic same-store sales are up slightly since March. It attributes this progress to both value-pricing and new product introductions.

PROFIT PROTECTION?

But many observers doubt that increased sales can make up for slimmer profit margins. "The recession is going to stick around, and anyone competing on price is looking at a long haul," says restaurant analyst James Uehlmer of the Kansas City, Mo.- brokerage firm Siskind Wells. "McDonald's operating costs are high, and they've already had several quarters of domestic profit erosion. Can they get low and *stay* low long enough to compete?"

That question might be answered this month, when the Real Value Menu marks its six-month anniversary—and perhaps gives a clearer picture of its impact on the bottom line.

—Brian Quinton



▲ Regional franchise co-ops can tailor McDonald's value strategy by choosing from a "menu" of different menus.

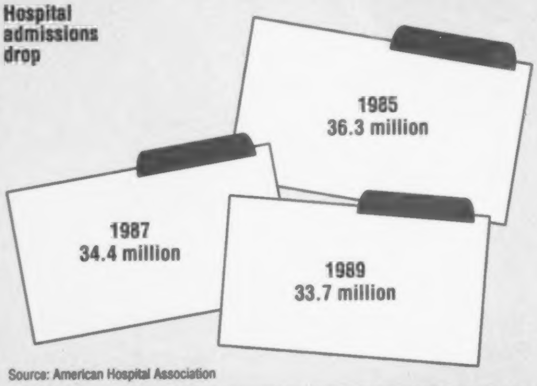
®R&I REPORT

TRENDS

HOSPITAL VITAL SIGNS

A shakeout in the hospital industry has forced foodservice operations to become more efficient and self-reliant.

Hospital admissions drop

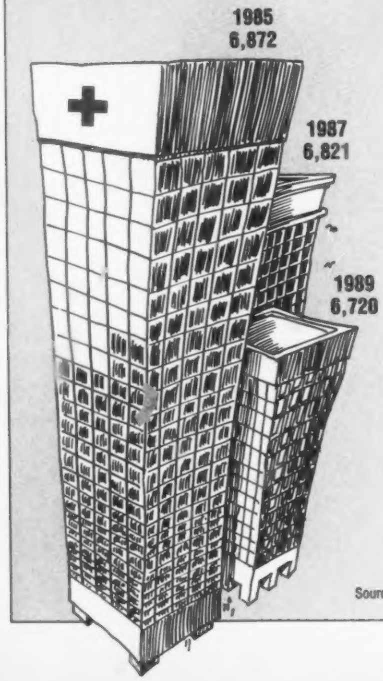


Source: American Hospital Association

Hospital foodservice sales rise

Source: National Restaurant Association

Number of hospitals declines



Source: American Hospital Association

FOOD COURTS BEAT RECESSION IN 1990

Sales at mall food courts grew 24% from 1989 to 1990, according to *CarlsonReport*'s annual food-court survey. The gain is the largest logged since the Indianapolis-based publication began tracking food-court sales more than six years ago.

The study, which is designed to assist tenants and developers in projecting the profitability of food courts, also found:

- Barbecue posted a 68% gain in sales from 1989 to 1990, which was the largest recorded by any food category. Potatoes, at 54%, took second place, followed by seafood, with a 47% increase in sales volume.
- Chicken concepts boasted the highest sales-per-square-foot figures in 1990—$473.05—besting hamburgers by almost $20 and hot dogs by almost $30.
- Chicken took 11.44 cents of every food-court dollar in 1990. Hamburgers grabbed 9.70 cents, and pizza finished with 8 cents.
- The top gainers in share of the food-court dollar in 1990 were: chicken, 55%; hamburgers, 53%; potatoes, 21%; pizza, 18%; and Oriental, 11%.
- The top losers of share of the food-court dollar were: hot dogs, −30%; cookies, −28%; ice cream, −25%; and yogurt, −23%.
- National brands are supplanting local tenants in food courts. In 1989, 33% of food courts showed local concepts outnumbering national chain units. Last year, only 4% of food courts reported local concepts outnumbering national brands.
- Almost 90% of shopping-mall patrons combine eating with shopping.
- Customers spend $5 on average in the food court.
- Of 15 food segments considered, only ice cream suffered a drop in sales, 1%, from 1989 to 1990.

The study cited the increased penetration of national chains and improved performance by mall administrators in the areas of tenant selection and food-court marketing as two possible reasons for the strong overall increase in food-court sales in 1990.

—Rajan Chaudhry

MALL TRENDS REVEAL CHANGING TASTES

(Top food-court sellers)

1985

1. Pizza
2. Chicken
3. Hamburgers
4. Oriental
5. Sandwiches
6. Pastry/croissants
7. Mexican
8. Hot dogs
9. Cookies
10. European

1990

1. Chicken
2. Hamburgers
3. Pizza
4. Mexican
5. Oriental
6. Sandwiches
7. Seafood
8. Pastry/croissants
9. Potatoes
10. Others

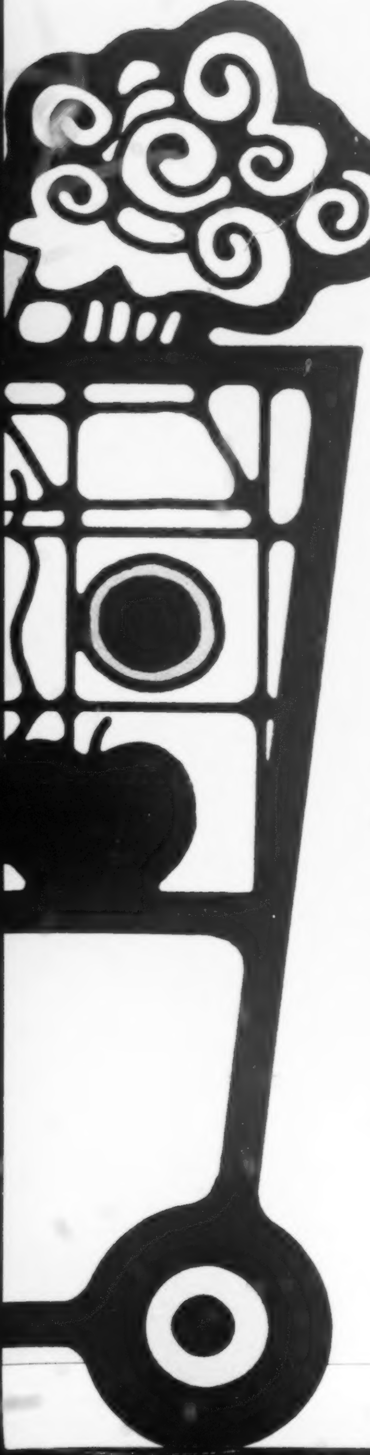
Source *CarlsonReport* Food Court Surveys

R&I EXCLUSIVE

BUSINESS TRENDS

Retail vs. Restaurants: THE FOODSERVICE FIGHT IS ON

By Beth Lorenzini



Grocery stores have bagged more than 12% of the takeout market with a wide array of ready-to-eat sandwiches, salads and entrees. *R&I* checks out the supermarket industry's strategy—and restaurateurs' counterattack.

Fresh-baked pizza, red beans and rice, wild rice soup—dining out is a welcome change from the old standby meals prepared at home. The twist, however, is that people *are* eating such foods at home—but they're picking them up ready to eat at the local supermarket.

Across the country, supermarkets are pursuing takeout aggressively, lured by high margins and the growing trend toward convenience. Sales of supermarket takeout food reached $12.7 billion in 1990 and will hit $15 billion by 1994, according to Find/SVP, a New York-based market research company. In the process, supermarkets are taking share directly from restaurants.

According to the report, fast-food outlets, which commanded 67% of takeout sales in 1989, will see their share slashed 5% by 1994. Supermarkets, meanwhile, will gain 5%, capturing 17% of the market.

Part of supermarkets' attraction to prepared foods is the high profits they generate. Supermarket total gross margins average 23.5%. Prepared foods average a 53.1% gross margin, and contribute 5.5% to supermarkets' bottom line, according to *Supermarket Business* magazine.

GOODS *AND* SERVICES

Foods that are popular in the restaurant industry are just as hot in supermarkets: Made-from-scratch pizza, hot entrees, salads, submarine sandwiches and frozen yogurt have become common offerings in supermarkets' prepared-foods sections.

Ethnic takeout outlets within stores are further blurring the line between

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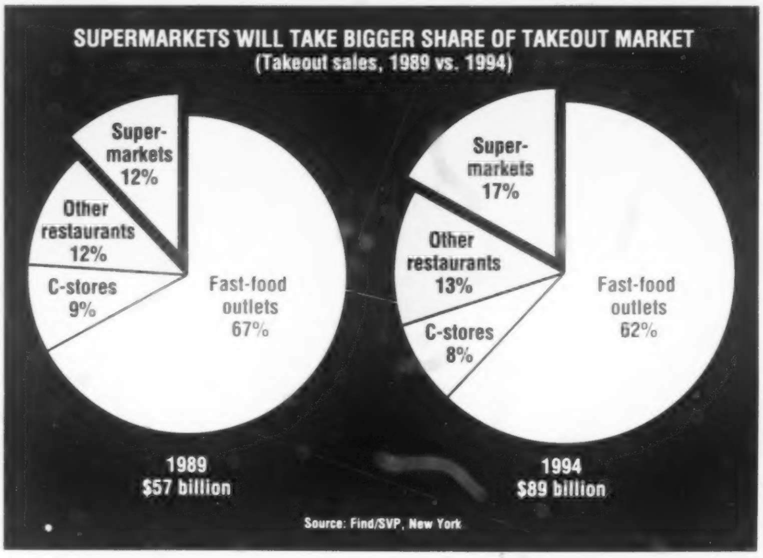

SUPERMARKETS WILL TAKE BIGGER SHARE OF TAKEOUT MARKET
(Takeout sales, 1989 vs. 1994)

Source: Find/SVP, New York

SUPERMARKETS

SUPERMARKET DELI FOOD FACTS

1. In 1990, prepared foods accounted for 2.7% of total store sales and contributed 5.5% to the total store bottom line. Prepared-food gross margins average 53.1%.

2. About 40% of supermarket delis offer catering services, which range from deli platters, tailgate party assortments and boxed lunches to children's parties.

3. The typical total service deli takes up 3.9% of total floor space, an average of 1,470 square feet.

4. Deli department sales average $11,700 a week (about 37% of which is in prepared foods; the remainder, sliced meat and cheese).

5. Delis need an average of 7.2 workers to operate per store.

6. Total in-store deli sales were estimated at $12.7 billion in 1990, an increase of 12% over 1989.

7. More than 70% of the nation's 30,750 supermarkets have a service deli. But only about 20% have extensive prepared-food programs. That figure will rise, say analysts.

Sources: 1.-5., *Supermarket Business*; 6., IFMA 1991 Supermarket Deli Report; 7., Howard Solganik & Associates, Dayton, Ohio.

Supermarket deli sales account for about 4.3% of total store sales, but 14.6% of gross profits.

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retailers and restaurants. In-store Chinese takeout counters, for instance, are offered at Dillon's, Hutchinson, Kan.; Wegman's, Rochester, N.Y.; Bel Air Market, Sacramento, Calif.; and Smith's Food and Drug, Salt Lake City, to name a few local supermarket chains.

Smith's Food and Drug, which has almost 100 stores throughout the Southwest, has put its Chinese Kitchen concept in 25 stores in the past two years. Eleven more stores are planned for southern California in the next year, and every one of them will feature a Chinese Kitchen. The menu consists of about 30 selections offered for lunch and dinner; checks average about $3. The supermarket chain also offers homemade tortilla-rias and yogurt shops within many of its stores.

The company declined to give sales figures or the percentage of total store sales the Chinese Kitchens contribute. But the fact that all new stores will include a Chinese Kitchen is one indication of the concept's success.

To match fast-food's service, supermarket chains are offering fax ordering, delivery, drive-thru service, extra express checkout lanes that open for lunch and separate registers for prepared-food purchases. Outside the store, catering has gone far beyond the deli platter to include tailgate party assortments, boxed lunches that can be ordered by fax and/or delivered to local businesses, children's parties and even weddings. Stores also offer newsletters, recipe cards, food consulting and cooking schools.

At Buehler's, based in Wadsworth, Ohio, four of the family-owned chain's nine units hold cooking classes. On the day *R&I* called, a group of 6- to 12-year-olds had just finished making tacos and fresh fruit kebabs and decorating their own cakes. The cooking school series is so popular for children's parties and club outings that the classes are booked months in advance, says Joy Dawson, director of cooking schools.

DINING IN THE STORE

In 1990, about 14% of supermarkets had delis with satellite restaurants or cafeteria services—that's up from 8% in 1984, according to *Progressive Grocer* magazine.

Ukrop's, based in Richmond, Va., has a separate grill and wok area,

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The 100-unit Smith's chain will build Chinese Kitchen takeout restaurants into all its new stores; currently, 25 of its 100 stores sport Chinese Kitchens.

CHINESE KITCHEN

SUPERMARKETS

Catering, food courts, fax ordering and delivery—supermarkets have entered restaurant territory.

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where everything from burgers to stir-fried meals can be purchased and eaten on site on a 50-seat outdoor patio. This area has its own entrance, making both the grill and prepared foods section readily available to customers. In fact, Ukrop's considers itself a restaurant: "Our units are restaurants—we just happen to have grocery stores attached," says Brian Salus, director of foodservices.

When Vincent's opened in Birmingham, Ala., in 1988, a 75-seat restaurant was part of the original plan. The menu includes a daily selection from a fresh fruit bar, four hot soups, two cold soups, four entrees (such as mahi-mahi, Jamaican chicken, lasagna, Beef Burgundy and jambalaya), 10 hot vegetables, pizza from a wood-burning oven, ice cream and yogurt. "The restaurant does a *very* good business," says Manager Don Wilson, although he declined to give sales figures.

The 110-seat Loft Cafe, located in V. Richards, Brookfield, Wis., pulls in about $7,000 in sales each week, with checks averaging $5 to $6. An abundance of businesses in the area, part of suburban Milwaukee, supplies the supermarket restaurant with a steady base of customers, especially at lunch.

The operation's two Culinary Institute-trained chefs prepare an assortment of made-from-scratch soups, sandwiches and salads, as well as specialty entrees such as lobster quesadillas, mesquite-grilled chicken and pastas in homemade sauce. A $3.95 Souper Lunch—a sandwich half, a cup of soup, a pickle and chips—is one of the Loft Cafe's best sellers, as is the store's signature chicken cashew salad.

SUPERMARKET SIGNATURES

Many stores find that signature dishes can make them a destination spot—a domain traditionally ruled by restaurants. One reason: More supermarkets are hiring restaurant chefs who are experts in creating such dishes.

The Culinary Institute of America, Hyde Park, N.Y., reports that more graduates are looking at the supermarket segment for viable career opportunities, placing restaurants in direct competition with supermarkets for qualified employees.

"Not only are the hours and benefits attractive, but our graduates in supermarkets are pleased with the amount

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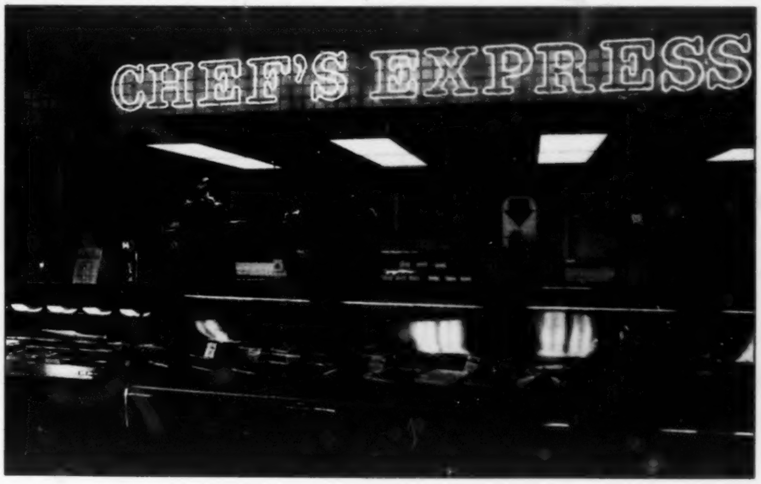
Chef's Express, the deli counter at Schnucks Markets, St. Louis, offers upscale takeout salads and hot entrees, and sports its own cash register.



SUPERMARKET FOODSERVICE TRENDS

CONVENIENCE: Ukrop's, Richmond, Va., takes lunch orders by fax. Larry's Market in Seattle delivers. Many supermarkets offer separate entrances and registers, and a few are entering into drive-thru service.

SINGLE/DOUBLE SERVINGS: Rather than selling by the pound, many supermarkets are placing prepared foods into single- and double-serving portions and pricing them accordingly.

ETHNIC KITCHENS: More international dishes will appear, especially cuisines with Hispanic and Asian accents.

NUTRITION: More supermarkets will be preparing and marketing low-calorie, low-fat, low-sodium and low-cholesterol offerings. Many supermarkets now have the expertise of chefs who are creating flavorful entrees using herbs, spices, marinades and vegetable stocks.

FOOD COURTS: Dividing menus into merchandising categories works in supermarkets. Ice cream parlors, pizza parlors, grills and Chinese takeout outlets are growing in popularity.

Source: Howard Solganik & Associates, Dayton, Ohio.

SUPERMARKETS

Executive chefs' signature deli dishes are designed to make supermarkets destination locations.

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of freedom they have to be creative in their food preparation," says Del Hargis, director of alumni affairs for the CIA. "Often, when graduates enter the restaurant segment, they find themselves dealing with fewer scratch preparations and more convenience products than they had expected. Supermarkets seem to rely on the chef's talents in developing new recipes."

Sue Anne Becker, a 1977 Culinary Institute graduate who works for Dominick's Finer Foods, Northlake, Ill., just completed her Chef's Collection, a series of four ethnic salads: Sesame Noodle, Cajun Red Beans and Rice, English Potato Salad and Lemon Rice with Vegetables. "It's been a real challenge to come up with unusual foods that appeal to a broad cross section of customers," says Becker. "But that's what I love about this job."

Such sophistication is showing up in supermarkets around the country, according to Howard Solganik, a Dayton, Ohio-based supermarket consultant. He has compiled a list of signature dishes:

○ Byerly's, Edina, Minn., sold so much of its wild rice soup that it had to go to central kitchen production to keep up with the demand. Now, even other supermarkets sell the soup, frozen.

○ Westport, Mass.-based Lee's Supermarket mixes cheese, garlic and eggs into its bread dough—the markets often sell out of this cheese bread.

○ Apricot chicken and a secret-recipe fried chicken are hot sellers at Heinen's in Cleveland, Ohio.

○ Dayton, Ohio-based Dorothy Lane's Markets patented Killer Brownie weighs ⅓ pound and is part of all the chain's box lunches. When it was offered through a mail-order catalog, orders for 20,000 came in.

○ Around Christmas, especially, demand for Encino, Calif.-based Gelson's poached salmon is so high that the eight-unit chain shrink-wraps extra orders and sells them through the self-serve case. The salmon is accompanied by a card with reheating and serving suggestions.

RESTAURANTS RETALIATE

Restaurateurs, for their part, are actively defending against encroachment by supermarkets.

McDonald's, Oak Brook, Ill., says it considers supermarkets, and anyone who sells food, direct competition. In

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BEST SELLERS

A look at this sampling of foods available to go in supermarkets might give restaurateurs an idea of what they're up against.

SALADS: Besides the salad bar, which draws strong lunch and dinner business, prepared salads are gaining ground. These days, customers are as likely to find roast chicken and wild rice salad as they are potato or macaroni.

ETHNIC ENTREES: Pastas with sauces, moo goo gai pan and fajitas are served hot or cold in oven-proof containers.

FRIED/ROTISSERIE CHICKEN: Buy enough for the whole family, add a few sides like artichoke heart salad and in-house prepared minestrone soup, and dinner is complete.

CHINESE FOOD: Supermarkets are setting aside entire sections for takeout Chinese food.

PIZZA: Wegman's, Rochester, Minn., offers 30 varieties on a signature crust made in house. Dorothy Lane's Markets, Dayton, Ohio, features a wood-burning stove to give made-from-scratch pizzas authentic flavor. Customers can order, shop for groceries and pick pizza up on the way out.

About 20% of the nation's supermarkets boast extensive prepared-food offerings. But pressure on restaurants is rising as penetration increases.

To fight back, a Minnesota McDonald's franchisee sells eggs, milk and other staples at the restaurant.

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Minnesota, McDonald's has given the go-ahead to a franchisee who is attempting to turn the tables on supermarkets by offering its own one-stop-shopping experience. The franchisee offers eggs, milk and other commodity items for sale in an in-store display case.

Last year, TCBY, Little Rock, Ark., saw store sales drop, largely as a result of frozen yogurt offerings at supermarkets and other retail outlets. The chain responded by granting franchisees permission to sell selected yogurt products through local grocery stores in a limited area surrounding their units. It also formed area marketing partnerships to sell TCBY yogurt to large supermarket chains.

"I think we can learn a lot from supermarkets," says Ira Hermann, CEO of the Columbus, Ohio-based Rax sandwich chain. "For one thing, we can learn how to merchandise, because that's what they do. They don't necessarily have someone saying 'Hi, welcome to the deli,' they just put the food out and let it speak for itself."

Smaller operators are feeling the sting of this expertise as well, and they are scrambling to maintain an advantage. "I know that we're losing some business to the supermarket by us," says James Tzanetis, manager of Vic's Pizza, Manchester, Conn. "I've gone into the store and watched people make lunch salads. But that just pushes us to fight back."

Vic's has added items such as chicken wings and calzones that customers can't get at that particular supermarket deli. The restaurant has held prices, and has cut its pizza production time by a third, he says. Vic's also sends out coupons to local businesses to increase lunch traffic. "If people are looking for a good sit-down meal, they'll still come to us."

Hermann agrees, saying that while supermarkets might have an edge on delivering convenience, restaurants' trump card is service. "Restaurants can deliver service, and we've got to learn to run our restaurants to constantly take care of customers," he says. "Supermarkets can't do that."

Rajan Chaudhry contributed to this article.

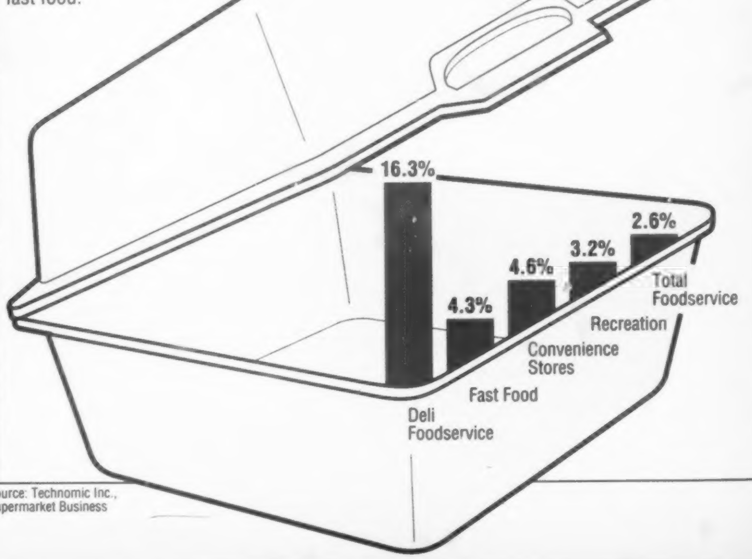
NATIONAL CHAINS BREAK INTO THE SUPERMARKET MARKET

Some restaurant chains view supermarket takeout as an opportunity and are starting to set up mini-stores and kiosks in supermarkets the same way they've entered into airports, stadiums and institutions.

- Rather than prepare its own pizza, 75-store Abco, Phoenix, is testing Pizza Hut kiosks.
- Two Holiday Plus Stores, Minneapolis, removed their snack bars and leased the space to McDonald's, which pays rent and a percentage of sales to the stores.
- Dominick's Finer Foods, Northlake, Ill., leases space to Seattle-based Starbuck's Coffee in five of its 87 units. Customers can sip espresso while they shop.
- Mrs. Fields displayed a booth at the Food Marketing Institute Show in Chicago to draw the interest of supermarket managers.

SUPERMARKET DELI TAKEOUT TAKES OFF

Between 1985 and 1990, the sale of supermarket prepared foods has grown at roughly four times the rate of other segments, including fast food.



Source: Technomic Inc., Supermarket Business

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- SOUTHWESTERN MENU IDEAS
- BRAISING BEEF
- MATCHING PASTA & SAUCES
- Wrap Session: Beef Fajitas & Tortillas

BIG CHAINS FLOCK TO FRANCHISING

Operators Winners In Credit Card Wars

MORE INSIDE! SEE PAGE 4

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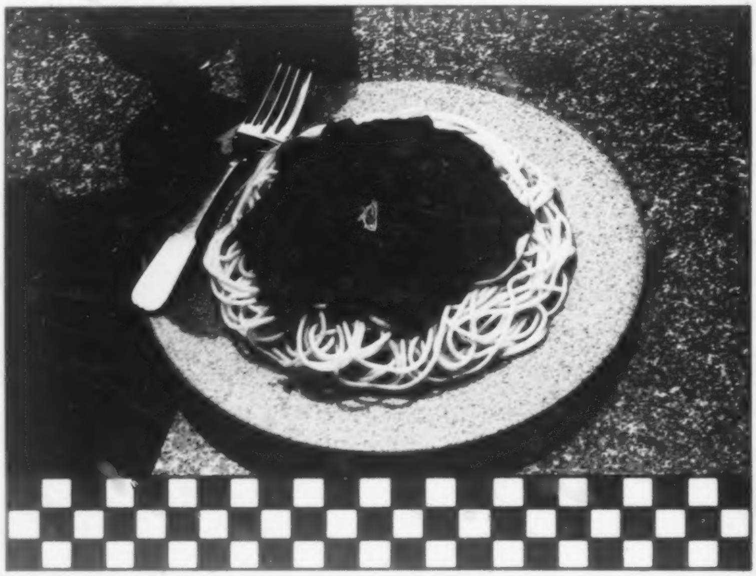

26 R&I EXCLUSIVE: MIDSCALE ADVANTAGE

The downturn in consumer spending and changing demographics have created a trade-down in the public's choices of dining experiences. Even upscale customers are turning to casual, midscale restaurants where they find familiar foods with comfortable prices served in friendly surroundings. The Silver Diner, The Olive Garden and The Ground Round talk about their competitive marketing moves.

56 ABOUT THE COVER: SOUTHWEST COOKERY GOES MAINSTREAM

Southwestern ways with food have migrated from Arizona, New Mexico and Texas to operations everywhere. The appeal? Operators like the low food cost and easy preparation of foods that result in dishes with lots of flavor and style. Our Taste feature delivers an update on Southwest menu trends such as fajitas (on the cover), quesadillas and guacamole. Recipe ideas include Chicken Tamale with Green Anaheim Chili and Raisins from Vincent's on Camelback, Scottsdale, Ariz.

97 THE CREDIT-CARD COMPETITION FOR CUSTOMERS

In the battle among American Express, Visa and Discover, customers and operators will come out on top, no matter which company wins the market-share fight. While American Express is rolling out an extensive restaurant support program, Visa is stepping up its advertising with local restaurant promotions. And Discover is quietly playing its trump cards: lower user fees and a cash-back program. Will fees drop further? Hear what credit-card industry analysts have to say, as well as restaurateurs who are taking sides.

112 BRAISING BEEF FOR CLASSIC ENTREES

Today's pricey fillet and porterhouse steak are sharing prime time with soul-satisfying, one-pot braised beef dishes. Less costly cuts of beef, marinated and slow-simmered with vegetables and herbs, are enjoying repeat performances on menus. We also explore stews and braises from other countries, for instance Hungarian Gulyas and Mexican-style Caldo de Carne.

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R&I REPORT

TRENDS

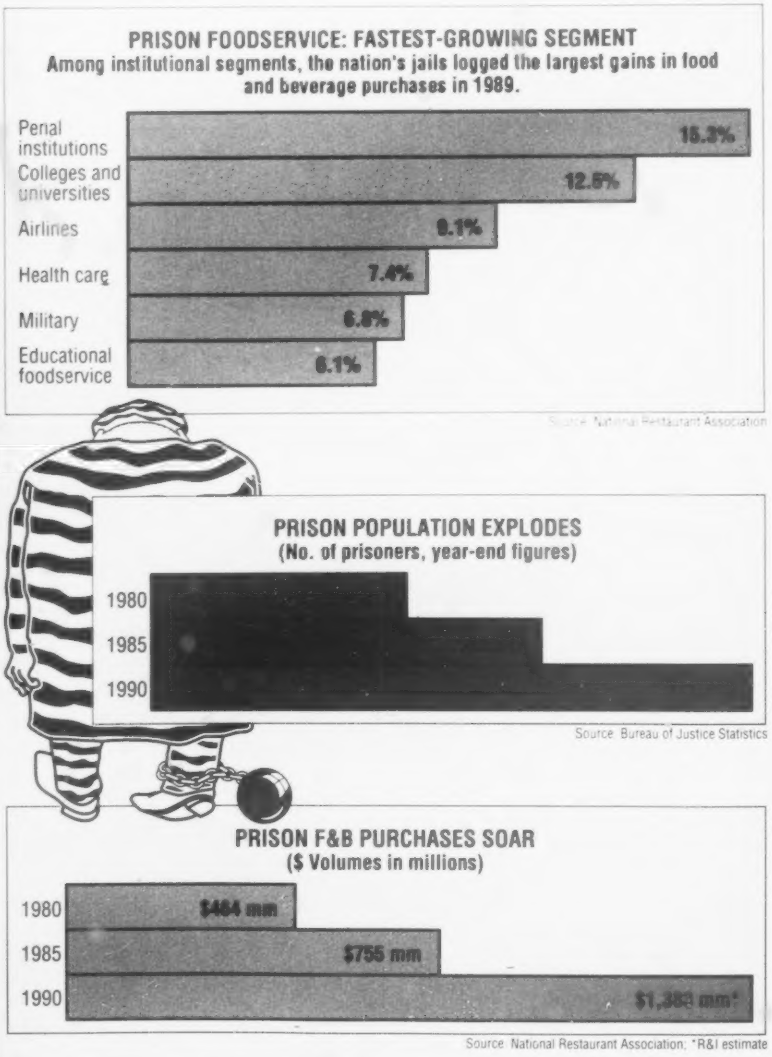
BURSTING PRISONS STRAIN FEEDING PROGRAMS

Huge increases in prison populations are straining foodservice operations. And the problems have only deepened during the recession.

Over the past decade, the number of inmates in U.S. lockups has jumped 134% to more than 770,000, while food and beverage purchases have vaulted 200% to nearly $1.4 billion.

State and local budget woes are placing prison feeding programs under pressure. At the same time, surplus commodities, which the government once gave to prisons for the cost of shipping, have all but dried up. Prisons now are forced to buy staple items they used to receive for pennies on the dollar—including grains, dairy products and peanut butter—at market prices.

—*Rajan Chaudhry*



PRISON FOODSERVICE: FASTEST-GROWING SEGMENT
Among institutional segments, the nation's jails logged the largest gains in food and beverage purchases in 1989.

Source: National Restaurant Association

PRISON POPULATION EXPLODES
(No. of prisoners, year-end figures)

Source: Bureau of Justice Statistics

PRISON F&B PURCHASES SOAR
($ Volumes in millions)

Source: National Restaurant Association; *R&I estimate

Menus: Fresh tortillas and hickory-grilled foods will set apart Bob Evans' Cantina del Rio concept.

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service and value keep the midscale segment on steady footing? Some say it starts with the menu.

MAXIMIZING MENUS

Wide menus are essential for a midscale restaurant's success. Familiar menu fare such as simple sandwiches, hamburgers, meatloaf and pot pies appeal to most customers and provide something for every member of a family or party.

At Perkins Family Restaurants, Memphis, Tenn., recent menu additions don't stray too far into exotic territory, according to Donna Guido, spokeswoman. Newer items include a bread-bowl salad, in which a scooped-out loaf of bread serves as a salad bowl; pot pies that actually are layered puff pastry with filling inside; and shepherd's pie, a savory pie filled with ground beef, corn and onions and topped with a mashed-potato crust.

The two Silver Diners serve mainstream food—turkey with stuffing and meatloaf with mashed potatoes—but use innovative preparation methods, Giaimo says. The cooks use less salt and make up for it with more herbs. The turkey served at the diners is roasted with rosemary. The vegetables in the standard fried-vegetable basket are coated in specially seasoned bread crumbs, says Giaimo.

Because large chains often don't enjoy the same customer perception of menu flexibility as independent operators, The Ground Round, South Weymouth, Mass., has created a line of "Made From Scratch" menu specials—chefs at each unit choose from a core of corporate recipes for such familiar foods as London broil, meatloaf and turkey with dressing and announce each day's selections on a blackboard, says Judy Kelly, vice president of marketing. Customers get the impression that the chef exercises creativity rather than just sticking to recipes on the regular menu.

At The Olive Garden, Orlando, Fla., the corporate focus is on maintaining a chain of independent restaurants, says Anne Powell, spokeswoman for parent company General Mills. "We tailor our menus to the local market. For instance, in Milwaukee, we offer a Friday-night fish fry. It's the second-most popular entree, yet we don't do

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CANTINA
del Rio

Cantina del Rio will target two hot demographic groups—young professionals and two-wage-earner households.

UPSCALE AIMS FOR MIDDLE GROUND

In a National Restaurant Association Survey released earlier this year, operators told of lowering prices and adding easy-to-make and cost-efficient items to their menus to attract more customers and generate more profits.

Action taken	$8- $14.99	$15- $24.99
Cut menu prices	15%	35%
Added lower-priced items	48	59
Added grilled dishes	51	84
Added pasta dishes	59	76
Added light entrees	61	76

National Restaurant Association Tableservice Operator Survey

CONFIDENCE INDEX SHOWS FULL-SERVICE TRAFFIC UP

The latest *R&I* Business Confidence Index, released in June, paints a pleasant picture for full-service restaurants. While the index does not break full-service out into upscale and midscale, it does point out that customers are coming out in increasing numbers to dining establishments where they can sit, relax and be waited on during their meals.

Traffic counts	Full service	Fast food
Up more than 10%	50%	20%
Up 1% to 10%	15	30
No change	20	40
Down 1% to 10%	10	10
Down more than 10%	5	0

R&I Business Confidence Index, June 1991

■ EXPANSION STRATEGIES

CHAINS FLOCK TO FRANCHISING

High investment and high risk are leading many major players to cut back on company stores, but at what cost?

By Rajan Chaudhry

Faced with the climbing costs and risk of building restaurants, many of the nation's top chains are moving from selling soft drinks and sandwiches to customers to selling stores and services to franchisees.

☐ Since 1988, McDonald's has closed or sold to franchisees 14% of its U.S. company-owned stores. In the process, the chain has cut company stores to 17% from 22% of its domestic system.

☐ Since 1986, Wendy's has disposed of 20% of its company stores, paring its company-owned stores to 40% from 55% of its U.S. system.

☐ Last year, Carl's Jr. announced plans to cut company stores to 60% of its system from about 80% within five years. It unveiled a strategy to franchise 57 company stores in Northern California that called for franchisees to open 60 new units within five to 10 years. Carl's has since taken a $14.5 million charge for the disposition or franchising of 40 Arizona stores.

☐ And in June, Shoney's Inc. announced the sale of its motel division to concentrate on a national restaurant-franchising campaign for Shoney's and Captain D's. The quickened pace of franchising already has pushed company units to 66% of total Shoney's units from 76% of the chain in 1987.

PROTECTING BOTTOM LINES

For many chains, a growing inability to achieve consistent sales and profit gains is driving the shift toward franchising, according to industry executives and analysts. "The problem with company-owned operations, which Carl's and McDonald's and Wendy's have experienced, is that they're a lot more volatile than franchise systems. When business isn't as good, the risk to profitability is much greater when it's a company-owned restaurant vs. a franchised restaurant," says analyst Michael Mueller of Montgomery Securities, San Francisco.

Because revenues from franchised restaurants come from fees paid as a percent of sales, often with specified minimum payments, income from franchising rises with increased sales, but is insulated from spikes in operating costs, such as food and labor. Franchisors even stand to benefit from the value pricing and discounting tactics—which tend to boost sales, but can play havoc with unit margins—that are rampant in the industry.

"Franchising stabilizes your bottom line, and your predictability is much greater because you have a constant income stream. When [a chain is] totally company owned, you share in the great times, but it's real tough in the hard times," says Rory Murphy, vice president of franchising for Carl's Jr.

Oak Brook, Ill.-based McDonald's is among the companies struggling with U.S. stores. With almost 8,800 domestic units, McDonald's has difficulty adding new stores without cannibalizing sales at existing restaurants. In addition, a shortage of prime sites has driven up building costs. After accounting for menu-price inflation, average sales at McDonald's U.S. company stores have declined in four of the past five years.

Meanwhile, the costs of opening a new McDonald's—including land, building and equipment—have increased 28% over the same period, to about $1.6 million. By the beginning of 1991, nontraditional sites—in malls, in hospitals, on toll roads and the like—accounted for fully 30% of McDonald's U.S. locations, the company says.

McDonald's has moved to limit its exposure by placing underperforming stores in the hands of franchisees. "Some of the restaurants, they just can't operate that well. The franchisees can operate them more efficiently," says Mueller.

Steven Rockwell, a restaurant analyst for Alex. Brown, Baltimore, agrees: "The company has indicated that it has wanted to increase the percentage of franchised units because the franchisees, the owner-operators, will typically do a better job of running those units."

McDonald's spokesman Chuck Ebeling denies that the steady drop in company stores reflects a specific strategy. "We buy and sell restaurants on an on-going basis," he says. "That's sort of just the way the numbers have come out." But he acknowledges McDonald's interest in placing units in the hands of franchisees. "We've always made the point that there's nothing like having an entrepreneur or franchisee operating a business, because their commitment to a McDonald's restaurant is so tremendous."

CUTTING INVESTMENT COSTS

The low cost of franchising relative to opening company stores is the second major factor contributing to the increase in franchising. Franchisees'

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FRANCHISING

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investment in new restaurants enables parent companies to raise earnings without spending or risking their own cash. And growth companies can expand much faster through franchising than on their own, because they use the resources of their partners.

In 1988, citing the growing saturation of the restaurant market, Nashville, Tenn.-based Shoney's undertook a $728 million recapitalization, which included $585 million in bank borrowings. Although the restructuring has allowed for modest company-store expansion, Shoney's debt service limits its ability to invest in new stores. Franchising lets the company broaden its operating base without diverting cash flows from its debt pay-downs.

Franchising also provides new customers for Shoney's manufacturing and commissary businesses, which—buoyed by sales to new franchisees—are growing faster than any of its other divisions. Last year, pretax income from those operations grew 46% and sales gained 26%, according to company reports.

Steak 'N Shake, Indianapolis, also recapitalized last year and concurrently announced its intention to step up franchising. The company, which ended 1990 with only 11% of its 117 restaurants franchised, says its long-term goal is to increase franchised units to 33% of its system.

Perkins' reliance on franchising for growth is largely a function of its structure as a limited partnership. The Memphis, Tenn.-based chain regularly pays out to unit holders dividends that represent more than 90% of its net profits. The heavy dividends keep the company's working capital negative, which makes less costly investments such as franchising more appealing.

> "When a chain is totally company owned, you share in the great times, but it's real tough in the hard times."
> —Rory Murphy, Carl's Jr.

At McDonald's, as at other franchised operations, franchisees provide capital by purchasing equipment, signs, seating and decor packages, and, over the long term, remodeling and reinvesting in their businesses. They also share in investments in the sites and restaurants through franchise and lease agreements. But unlike most franchisors, McDonald's owns or controls most sites and stores in its system—franchised as well as company-operated.

The money McDonald's saves by franchising at home, where the fast-food market is mature, often finds its way overseas, where the company now derives most of its sales and profit gains. "The company is attempting to redeploy its assets out of the U.S., selling off or franchising its units domestically, taking whatever capital they get out of that and redeploying it internationally, where they're getting a higher return," says Rockwell.

In 1990, foreign units represented 27% of the McDonald's system, but provided 42% of the company's revenues and 51% of company-operated restaurant margins, according to company reports.

Dublin, Ohio-based Wendy's also has employed a strategy of selling or franchising company stores. Wendy's, however, uses the money to rejuvenate its U.S. system. It buys distressed franchises, which it refurbishes and refranchises. "It's an effort to clean up the system," says Mueller. "They couldn't rely on the franchisees to do it, so they kind of had to do it themselves."

Five years ago, Wendy's had more than 800 troubled restaurants—the result of rapid growth—but today it has closed or revitalized all but about 150 of the weak units, according to analyst William Barr of Value Line Investment Survey, New York. Aided by a recent debt offering, Wendy's is poised to accelerate expansion of both company-owned and franchised restaurants. Its plans call for opening franchises at about twice the rate of company stores.

At Carl's Jr., whose core Southern California market is among the most brutally competitive in the nation, management has rethought its strategy of branching out through company-owned units. The Anaheim, Calif.-based burger chain is franchising its company stores in the San Francisco area as well as in Colorado and creating development agreements and incentives to encourage franchisees to fill their markets quickly.

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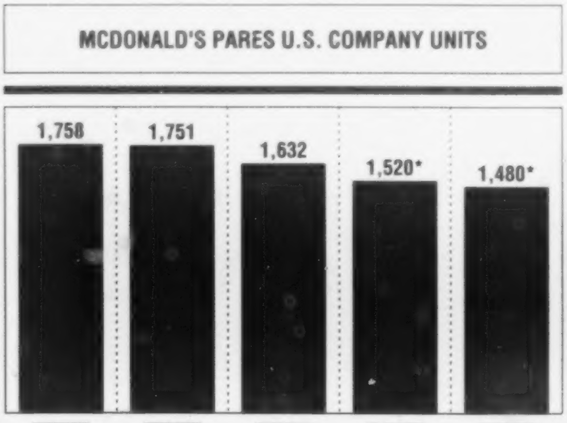
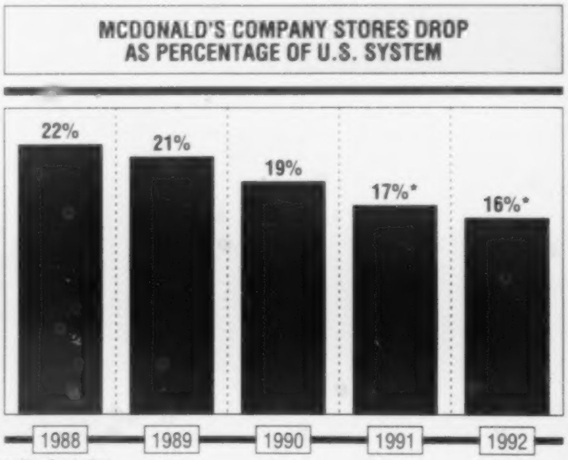

MCDONALD'S PARES U.S. COMPANY UNITS


MCDONALD'S COMPANY STORES DROP AS PERCENTAGE OF U.S. SYSTEM

Source: Montgomery Securities; *projection

continued from page 76

Executives say franchising secondary markets will provide downside protection for besieged margins while freeing up the cash the company needs to grow in its core markets. By clustering stores in each of its markets, Carl's hopes to gain the efficiency to counter TV assaults by such giants as McDonald's and Burger King.

Like McDonald's, Carl's Jr. says it depends on its franchisees for more than their capital: For example, franchisee companies can help meet challenges, such as finding sites. Murphy offers the newly franchised San Francisco market as an example: Rather than having two corporate real estate managers working on up to 50 sites at a time, he says, as many as 17 franchisees now will be involved in locating new stores. The result, he says, will be higher-quality sites and faster development. "When you have 17 individuals working on sites, it happens much quicker, and the prime sites are usually available because the franchisee will spend a lot of extra time on that certain site that they want."

SACRIFICING CONTROL?

For all its benefits, franchising can have a downside, even for chains with sophisticated franchisee training and support systems. Companies that franchise simply have less control over their systems than those that don't, which can affect consistency and speed of reaction.

Before they can sell their programs, franchise companies often must overcome franchisees' innate suspicion that parent companies are interested in raising sales, thereby increasing their fee income, without regard to franchisee profitability.

> "I think some companies have forgotten to say thank you to their franchisees and recognize them as investors."
>
> —Russ Cooper, Shoney's

Russ Cooper, Shoney's senior vice president of franchising and development, contends such problems are failures of philosophy, not franchising. "I think some companies have forgotten to say please and thank you to their franchisees and recognize them as investors. And that's been cause for problems in some systems."

Involving franchisees in the decision-making process helps avoid many complications, says Cooper. "You have to be willing to accept that franchisees are your partners, and you have to be willing to listen to your partners. If you're not, then you shouldn't be franchising." Franchisees sit on Shoney's franchise, marketing, and buildings and equipment advisory boards.

But even Shoney's has had to prove ideas to franchisees before they all accepted them. For example, some franchisees balked early on at the company's idea of accepting payment by credit card. Other top franchisors have faced similar challenges. Recently, for example, International Dairy Queen has had problems convincing many of its franchisees to take on debt for remodels, even though the revamped units generate higher sales.

Still, Cooper says he believes the give and take between franchisor and franchisee results in a stronger system: "We value franchisee input. I think they're really the people who are closest to the customers and the market."

COMPANY SYSTEMS

Analysts point to the General Mills restaurant concepts—Red Lobster and The Olive Garden—as examples of the tremendous efficiencies possible from company operations. The two chains are among the top performers in the industry, and they credit company ownership for much of their success.

"In today's operating environment, consumers are changing their wishes and their demands and their preferences faster than they ever have in the history of our industry, and in franchise operations a lot of times, you have to first sell your franchisees if the program involves a capital expenditure," says Anne Powell, a spokeswoman for General Mills Restaurants, Orlando, Fla. "We don't have to do that."

Red Lobster has rolled out a computer system that reportedly saves the company more than $10 million annually in labor costs through more efficient scheduling. "If we had franchisees, we first would have had to convince them to make the investment in that equipment," Powell contends.

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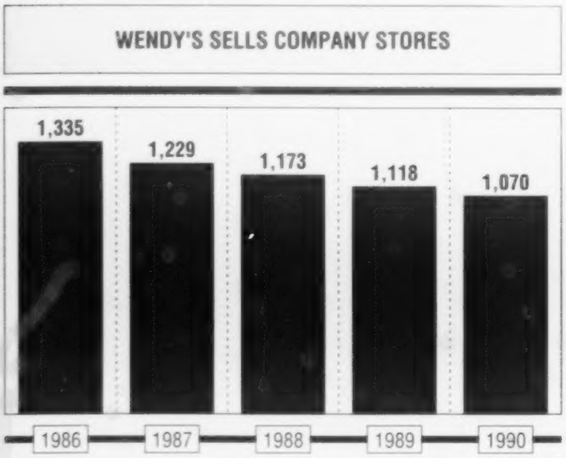

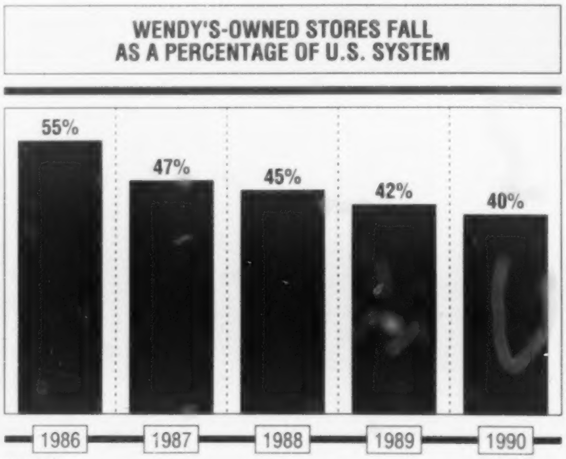

Source: Company report

FRANCHISING

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Similarly, PepsiCo's restaurant concepts—Pizza Hut, KFC and Taco Bell—each of which leads its segment in sales, are growing their domestic systems by adding company stores. In 1990, PepsiCo, Purchase, N.Y., increased company-owned stores about 8% in the United States, while franchisees netted only 1% unit growth for the year. From 1986 to 1990, the number of U.S. company stores grew 36%, while franchised units grew by 14%. Already this year, the company has added more than 200 KFC franchises to its list of buy-backs.

Why is PepsiCo buying up franchises? "Control is one reason, for sure, because you can provide better service and better food quality, generally, and you can implement changes faster, which is getting to be more important," says Mueller.

> "You have to first sell your franchisees if the program involves a capital expenditure."
> —Anne Powell, General Mills Restaurants

Another reason is that restaurant companies can make as much as five times more money with a well-run company-owned restaurant than they can with a franchised restaurant. "If you collect a royalty fee, it might be 4% or 5% of sales. If the company's well-run, the pretax contribution from an owned restaurant might be more like 20%," says Mueller. Because PepsiCo's large base makes high-percentage growth difficult, the best way for it to increase earnings is to buy back stores.

And PepsiCo's own history of control problems and disputes with franchisees also makes buying dissident franchisees attractive. Says one executive: "One way to take care of the problem is to remove it." **R&I**

TOP 20 FRANCHISEES

Company	1990 sales	1990 units	Key concepts
1. Spartan Food Systems	$510.5MM	483	Hardee's
2. Boddie-Noell Ent.	298.0	287	Hardee's
3. TPI Restaurants	239.4	232	Shoney's, Captain D's
4. National Pizza Co.	198.0	366	Pizza Hut
5. Harman Mgmt. Co.	190.0	243	KFC
6. National Restaurant Mgmt.	185.0*	185*	Diversified
7. RTM	169.5	264	Arby's
8. RPM Pizza	153.9	355	Domino's
9. Pizza Mgmt.	150.0	234	Pizza Hut
10. Carrols	149.5	163	Burger King
11. Collins Foods Intl.	140.0	209	KFC
12. Restaurant Mgmt. Services	104.0	118	Shoney's, Captain D's
13. Sybra	103.6	154	Arby's
14. Consul Restaurants	88.3	51	Chi-Chi's
15. Restaurant Mgmt.	72.1	129	Pizza Hut, Long John Silver's, Grandy's
16. Forbco Mgmt.	68.5	38	Sizzler
17. U.S. Restaurants	68.1	65	Ponderosa, Burger King
18. Buehler-Ruckriegel	67.1	115	Long John Silver's
19. Atlanta Family Restaurants	65.0	46	Shoney's
20. Marcus Restaurants	60.0	74	KFC, Big Boy

Information based on available data; **R&I* estimate.

TOP 20 FRANCHISORS

Company	Domestic franchised units	Foreign franchised units
1. McDonald's	6,944	2,216
2. Kentucky Fried Chicken	3,617	2,763
3. Subway	5,111	243
4. Dairy Queen	4,617	587
5. Burger King	4,471	641
6. Pizza Hut	3,200	1,400
7. Domino's Pizza	3,835	373
8. Baskin-Robbins Ice Cream	2,143	1,040
9. Hardee's	2,628	42
10. Wendy's	2,454	203
11. Arby's	2,051	115
12. TCBY	1,604	73
13. Taco Bell	1,376	18
14. Sonic Industries	949	0
15. Big Boy	734	68
16. A&W Restaurants	668	72
17. Popeyes Chicken & Biscuits	649	8
18. Carvel Ice Cream Bakery	652	0
19. Orange Julius	466	148
20. Round Table Pizza	560	3

Based on domestic and foreign unit counts from *R&I* 400 data.

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SERVING THE TOTAL FOODSERVICE INDUSTRY SEPTEMBER 4, 1991

RESTAURANTS & INSTITUTIONS

MENU CENSUS

- Top Good Sellers
- Best New Items
- On-Menu Leaders
- Ethnic & Regional Winners

NEW WAYS TO MENU CHICKEN

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34 R&I EXCLUSIVE: MENU CENSUS 1991

The boneless chicken fillet, seasoned fries and broccoli pictured on our cover are an operator's dream: According to the operators surveyed for *R&I*'s Menu Census, these items not only sell well enough to be on the menu—they're *top* good sellers. In this issue's Menu Census exclusive, "What Sells," we examine the major menu categories and identify, for both commercial and institutional operations, which menu items qualify for good-seller status. Compare your menu to our list of what sells—how do your offerings stack up? Bonus: Sidebars show most-menued items and top-scoring rookie entries.

106 THE SIGNATURE BREAD BASKET

What pleases patrons most about an operation is a warm welcome and a basket of warm and wonderful special breads and rolls. *R&I* presents how-to tips for making your breads and your style of service a topic of conversation. To put a twist on a proverb—cast bread upon the hearth and the customer returns.

164 BIRD WATCHING: CHICKEN AT WORK ON MENUS

Chicken sells in quantity: The Buckhead Diner in Atlanta serves a ton of chicken a week in appetizers and entrees. Chicken sells in multinational garb: TooJay's cross-cultural chicken salad serves Oriental vegetables in a tortilla. And chicken sells to everyone: *R&I*'s 1991 Menu Census says 97.8% of all operations offer some sort of chicken dish. Keep those sales coming with the ideas and recipes for chicken salad, sandwiches, snacks and entrees from our Food feature, "The Versatile Chicken."

185 THE CIA CONDUCTS A POULTRY COURSE

"Techniques in Poultry Fabrication" is an excellent refresher course and a training aid. This chapter in *R&I*'s exclusive serialization of *The New Professional Chef* from the Culinary Institute of America also includes safety and sanitation standards.

197 EASY WAYS TO FILL BREAD BASKETS

Operators seeking products to help fill their signature bread baskets can find sources for frozen doughs, muffin mixes, crackers and trays designed for the display of rolls, muffins, etc., in this issue's Product Catalog.

FOOD 164
A flavorful dish that comes together fast features lightly sautéed chicken, tomatoes and snow peas, served over penne.

®R&I REPORT

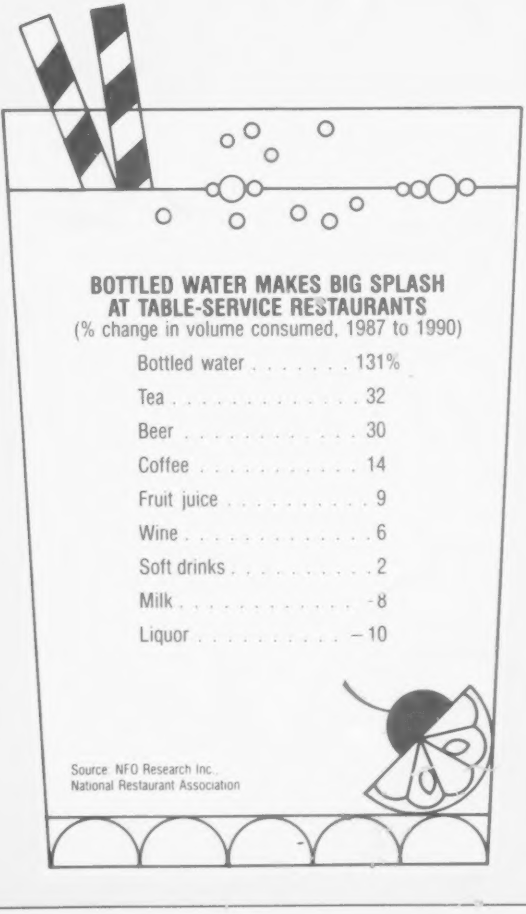
TRENDS

SURVEY CONFIRMS COFFEE IS NO. 1

Consumption of bottled water and tea is growing fastest, but coffee remains the most popular drink at table-service restaurants, according to a recent study by the National Restaurant Association and NFO, a Toledo, Ohio-based research firm.

The study, which tracked the beverage consumption patterns of 10,920 households over a two-week period, shows that coffee accounted for about 29% of all drinks consumed at table-service restaurants in 1990. Soft drinks followed at about 27%, and tea took a 23% share. Beer, at about 8%, was the fourth most popular beverage, while wine, milk and "other nonalcoholic" drinks each took about 3%. Fruit juice and liquor, at about 2% each, rounded out the offerings.

Men consumed more beer and liquor; women and men drank wine in roughly equal amounts. *—Rajan Chaudhry*



BOTTLED WATER MAKES BIG SPLASH AT TABLE-SERVICE RESTAURANTS
(% change in volume consumed, 1987 to 1990)

Bottled water	131%
Tea	32
Beer	30
Coffee	14
Fruit juice	9
Wine	6
Soft drinks	2
Milk	–8
Liquor	–10

Source: NFO Research Inc.,
National Restaurant Association

MICROWAVE BURGERS BRUISED IN BATTLE WITH FAST FOOD

Driven by the demand for convenience, the market for frozen microwavable sandwiches is exploding, but at least one segment has learned it's best not to go head-to-head with fast-food restaurants, according to a study by Find/SVP, a New York-based market-research clearinghouse.

Microwavable burgers are apparently the latest victims of the fast-food segment's value pricing, the study suggests.

Buoyed by large marketing and promotional budgets, which kept per-sandwich prices below $1, frozen hamburgers kicked off the microwave craze in 1987. But frozen burgers carry higher distribution and packaging costs than their away-from-home counterparts, which has made the under-a-dollar pricing largely unsustainable. In order to maintain margins, manufacturers and retailers have had to raise prices and, as a result, sales have flattened, the report says.

"Competing hamburger to hamburger and french fry to french fry, frozen convenience food . . . is at a disadvantage," says Peter Allen, vice president of Find/SVP Market Research Reports.

The study also suggests that because microwave burgers force consumers take the time to add their own fixings, the products lose some of their appeal as convenience foods. *—R.C.*

BUSINESS-TRAVEL COSTS TO RISE 6%

Overall business-travel costs will increase about 6% in 1992 despite low inflation in restaurant and lodging prices, according to forecasts by Runzheimer International travel consultants, Rochester, Wis.

The company expects the cost of meals to rise less than 4% next year; however, Runzheimer also makes the following predictions:

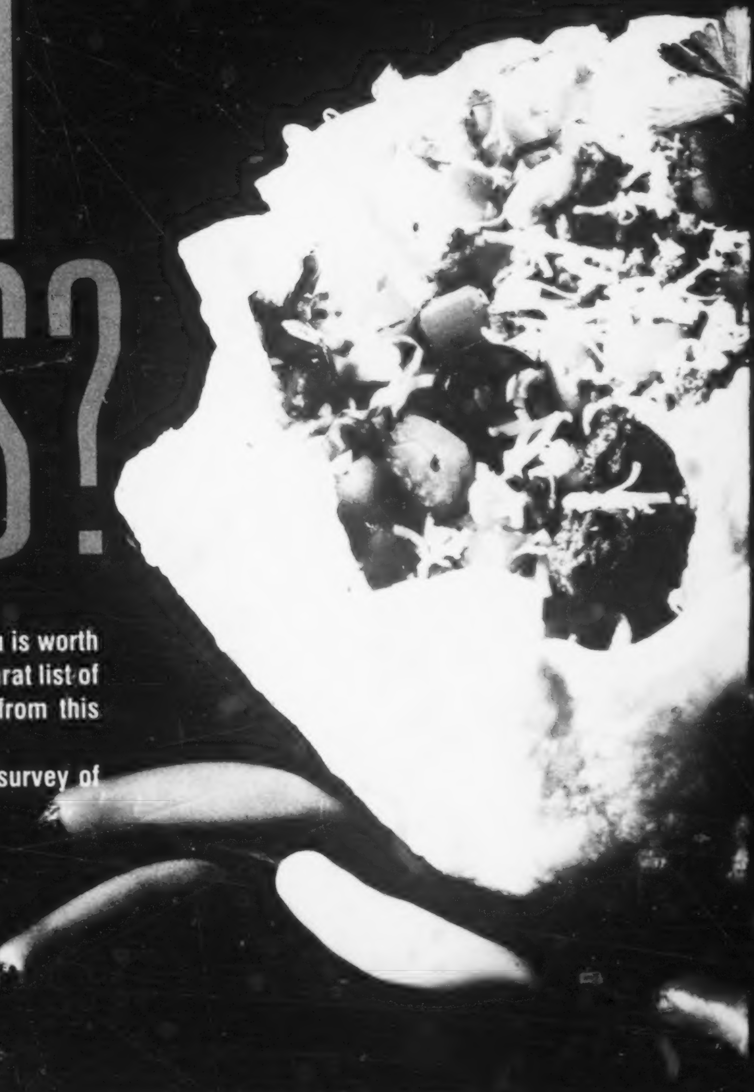
- Airfare will rise about 8% as higher labor expenses and debt payments force airlines to pass on costs.
- Car-rental fees will rise 6%. Auto manufacturers are becoming more stringent with both the purchase and resale of their cars by rental companies. Furthermore, airport fees and insurance charges are on the rise.
- Lodging costs will increase 3%. Although flat occupancy will encourage hoteliers to hold the line on prices, cash-strapped local governments are eager to increase taxes on nonconstituents. Such pressures will fuel the slight rise in prices.

Meals account for about 11% of the business-travel dollar, while airfare takes 46%, lodging captures 22% and car rentals draw 8%, the company says. *—R.C.*

■ 1991 MENU CENSUS

R&I's nationwide menu poll of all foodservice segments answers the big question:

WHAT SELLS?



By Brian Quinton and Nancy Ross Ryan

A consistent good seller on the menu is worth its weight in gold. Consider the 14-karat list of top good sellers (opposite) mined from this year's Menu Census.

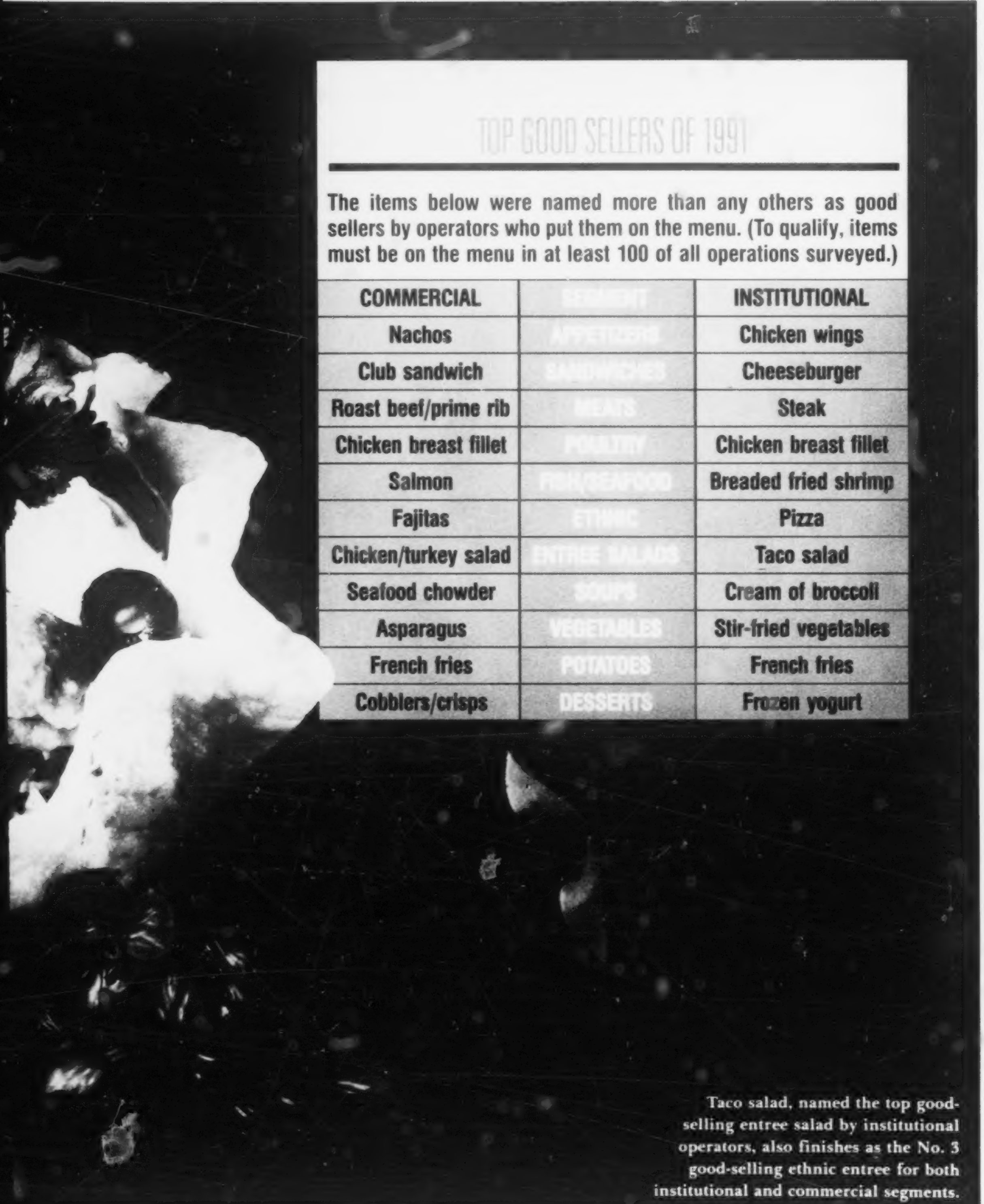
The *R&I* Menu Census, the only survey of its kind, is a mother lode of information for commercial and institutional operators: It gathers and tabulates data for 21 major menu and food categories. Respondents are divided by segments within the broad commercial and institutional categories.

The Menu Census asks operators about the items on their

TOP GOOD SELLERS OF 1991

The items below were named more than any others as good sellers by operators who put them on the menu. (To qualify, items must be on the menu in at least 100 of all operations surveyed.)

COMMERCIAL	SEGMENT	INSTITUTIONAL
Nachos	APPETIZERS	Chicken wings
Club sandwich	SANDWICHES	Cheeseburger
Roast beef/prime rib	MEATS	Steak
Chicken breast fillet	POULTRY	Chicken breast fillet
Salmon	FISH/SEAFOOD	Breaded fried shrimp
Fajitas	ETHNIC	Pizza
Chicken/turkey salad	ENTREE SALADS	Taco salad
Seafood chowder	SOUPS	Cream of broccoli
Asparagus	VEGETABLES	Stir-fried vegetables
French fries	POTATOES	French fries
Cobblers/crisps	DESSERTS	Frozen yogurt



Taco salad, named the top good-selling entree salad by institutional operators, also finishes as the No. 3 good-selling ethnic entree for both institutional and commercial segments.

1991 MENU CENSUS

Survey shows menu trends: half-fit diet, flexible menus, ethnic diversity.

continued from page 34

menus—in this feature, *R&I* examines those items that tallied "good-selling" marks for each segment.

For example, nachos are the top good-selling appetizer overall for commercial operations (see table). But within the commercial category, nachos perform best in casual restaurants, the Menu Census reveals. As for the institutional operations' top good-selling appetizer, chicken wings, the best segment is B&I. And regionally, nachos sell best in the West, and chicken wings in the South, according to the 1991 Menu Census.

The Menu Census also gives data on food and beverage sales and purchasing. Highlights will be featured throughout the year in upcoming issues.

For information on ordering the complete 1991 *R&I* Menu Census, contact Christine Campagna, *Restaurants & Institutions* Bureau of Foodservice Research, (708) 635-8800.

PICKING WHAT SELLS

Our analysis of the 1991 Menu Census focuses on menu items that operators say really sell.

The "good sellers" listed on the pages that follow are not necessarily those items most likely to appear on menus, but those with the best sales records when they are offered to customers. The Menu Census survey asks operators if they have featured a given item on their menus in the last year; any item not offered by at least 100 respondents is ruled out as having too small a sample.

MENU CENSUS TRENDS

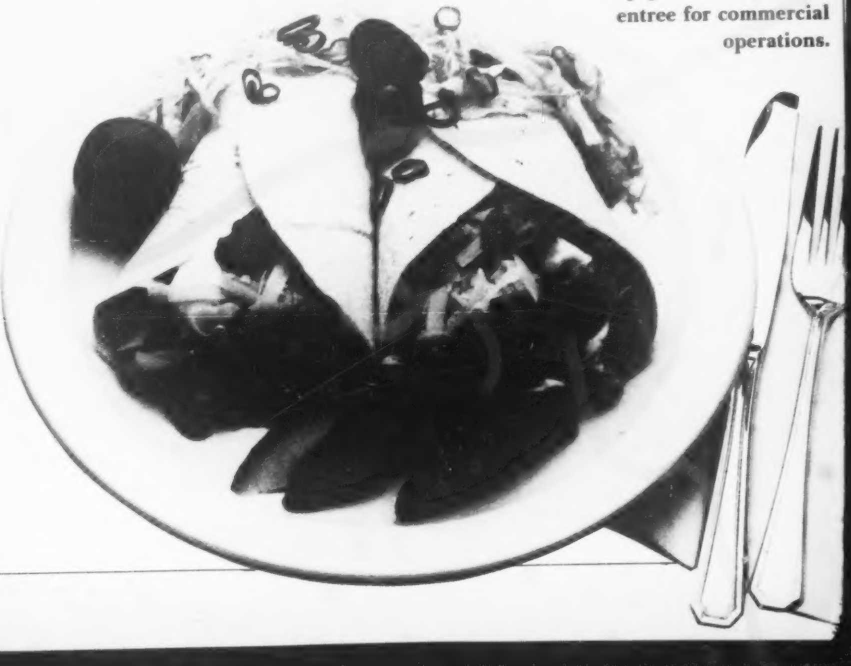
The way Americans eat doesn't change drastically from year to year. Still, changes in the Menu Census over a two-year period reveal some eating-out trends.

The half-fit diet. In this era of unparalleled nutritional concern, people still cling to their favorite foods. Given the inconsistencies of the American diet, the '90s might go down in history as the decade of the half-fit. For example, in the Top Good Sellers of 1991 (see opening pages) french fries still are the No. 1 good seller in the potatoes category for both commercial and institutional operations; roast beef/prime rib and steaks still sell well; nachos and chicken wings are top good sellers among appetizers.

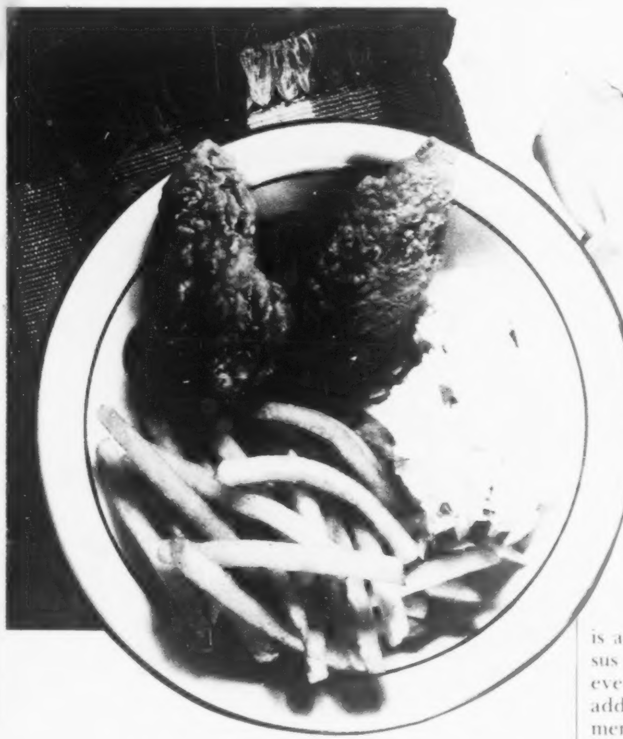
But some Menu Census re-

TOP ITEMS NOW ON THE MENU

1. **Regular coffee**
2. **Orange juice**
3. **Decaffeinated coffee**
4. **Iced tea**
5. **French fries**
6. **Hamburger**
7. **Hot tea**
8. **Carbonated soft drink**
9. **Cheeseburger**
10. **Potatoes**
11. **Baked potato**
12. **Tossed green salad**
13. **Chicken breast fillet entree**
14. **Hot chocolate/cocoa**
15. **Vegetable soup**
16. **Broccoli**
17. **Grapefruit juice**
18. **Whole milk**
19. **Carrots**
20. **Coleslaw**
21. **Tomato juice**
22. **Chicken breast fillet sandwich**
23. **Mashed potatoes**
24. **Grilled cheese sandwich**
25. **Cheesecake**
26. **Green beans**
27. **Apple pie**
28. **Low-fat milk**
29. **Chicken soup**
30. **Dinner rolls**
31. **Ham and cheese sandwich**
32. **Mixed vegetables**
33. **Turkey breast sandwich**
34. **Cream of broccoli soup**
35. **Chili**
36. **Lasagna**
37. **Breaded/fried fish portion**



Fajitas finished as 1991's top good-selling ethnic entree for commercial operations.



Chicken wings took the top good-selling appetizer title in the institutional segment.

sults suggest increased popularity of items with a high health and fitness profile. In this year's fish/seafood category, salmon edged out breaded fried shrimp, 1989's top good seller in commercial foodservice. And seafood items were added to the menus of one out of every five operations in the past year.

The chicken breast fillet was the top good seller in both commercial and institutional segments. Frozen yogurt, a dessert with a perceived good nutritional profile, became 1991's top good-selling institutional dessert. And the club sandwich beat the cheeseburger (1989's good sandwich seller) to the top spot in the commercial segment.

Entree salads debut. A major menu trend to emerge from the 1991 Menu Census is the increase in good-selling main-dish salads. In 1991, the 10 top-selling salads in both commercial and institutional segments contain only one that could be strictly called a side: tossed green salad.

The top three good-selling commercial salads are chicken/turkey, special house and taco; for institutional operations, taco salad, chef's/julienne and shrimp. Caesar salad ranks as the No. 4 good seller in both.

Flexible menus. The increase in entree salads combines with an increase in appetizers to document another trend: the flexible menu. Customers neither feel bound to eat three square meals a day, nor constrained to make those meals traditional when dining out.

Freedom to order a salad as an entree is one example; freedom to order several appetizers in place of an entree is another. The Menu Census reveals that one out of every three operations added appetizers to their menus. And one out of five operations added salads/entree salads.

Ethnic diversity. The top three ethnic-food categories in the Menu Census have not changed since 1989. They remain Italian, Mexican and Asian (in order of "on menu" frequency and items "added in the past year"). However, the survey shows more diversity of menu items within those ethnic categories.

Of equal interest are two ethnic items that have moved into mainstream menu categories: Nachos are the commercial top good-selling appetizer; taco salad, the institutional top good-selling entree salad.

On the following pages are top good-seller rankings and regional and market highlights for appetizers, sandwiches, meats, poultry, fish/seafood, ethnic entrees, vegetables, potatoes and desserts.

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TOP MENU ADDITIONS IN THE LAST YEAR

1. **Chicken wings (appetizer)**
2. **Seasoned/coated fries**
3. **Chicken breast fillet sandwich**
4. **Fajitas**
5. **Any stir-fry**
6. **Appetizer pizza**
7. **Chicken breast fillet entree**
8. **Taco salad**
9. **Pasta/macaroni salad**
10. **Catfish**
11. **Onion rings**
12. **Hot cheese appetizer**
13. **Caesar salad**
14. **Stir-fried vegetables**
15. **Fettuccine**
16. **Spiral fries**
17. **Deep-fried vegetables**
18. **Pizza**
19. **Cream of broccoli soup**
20. **Chicken/turkey entree salad**
21. **Pasta with shrimp**
22. **Broiled/grilled chicken**
23. **Frozen yogurt**
24. **Potato skins**
25. **Lasagna**
26. **Barbecue spareribs**
27. **Burrito**
28. **Oriental/teriyaki chicken**
29. **Imitation seafood (surimi)**
30. **Calamari**
31. **Nachos**
32. **Wild rice**
33. **Antipasto**
34. **Cheese/cheese and fruit**
35. **Spicy/hot chicken**
36. **Enchilada**
37. **Egg roll**
38. **Pasta with red sauce**
39. **Veal/chicken Parmesan**
40. **Rice pilaf**

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APPETIZERS: TOP GOOD SELLERS

COMMERCIAL

1. **Nachos**
2. **Hot cheese appetizer**
3. **Chicken wings**
4. **Appetizer pizza**
5. **Salsa and chips**
6. **Calamari**
7. **Smoked salmon**
8. **Onion rings**
9. **Potato skins**
10. **Seafood nuggets**
11. **Deep-fried vegetables**
12. **Cheese/cheese and fruit**
13. **Stuffed mushrooms**
14. **Fresh avocado**
15. **Antipasto**

INSTITUTIONAL

1. **Chicken wings**
2. **Nachos**
3. **Onion rings**
4. **Egg roll**
5. **Hot cheese appetizer**
6. **Smoked salmon**
7. **Deep-fried vegetables**
8. **Potato skins**
9. **Fruit cup**
10. **Cheese/cheese and fruit**
11. **Melon**
12. **Meatballs**
13. **Clams/oysters**
14. **Cottage cheese**
15. **Seafood nuggets**

MOST OFTEN ON MENU

C: Onion rings
I: Cottage cheese

MOST ADDED IN LAST YEAR

C: Chicken wings
I: Chicken wings

Appetizers in bigger portions and variety help patrons create more flexible meals.

What sells in appetizers? Nachos! They're the No. 1 good seller on commercial menus, No. 2 on institutional.

The phenomenon called "grazing" in the '80s paved the way for Americans' more relaxed mealtime attitudes in the '90s. Encouraged by more flexible menus, customers exercise their eating-out options and order a main-course salad or soup in place of an entree or skip the entree altogether in favor of a selection of appetizers—before heading straight for dessert.

The 1991 Menu Census reflects this new climate in the top good-selling appetizers in both commercial and institutional segments. Operators build check averages with the appetizer menu through low-food-cost items that are easy to prepare (many are convenience items), perceived as a good value, and high in appeal.

Appetizer pizza, with its many popular varieties, appeared as a good seller in the 1989 survey and now turns up as the No. 4 good seller for commercial operators in the 1991 census. The segments in which it performs best are catering, casual restaurants and fine dining. Regionally, it's hottest in the West. (Although it was not listed on enough institutional menus to qualify for the good-seller list, those operations that had it on the menu gave it very high marks, especially colleges/universities and schools.)

Chicken wings, a perennial favorite, are still flying high: They're the No. 1 good-selling appetizer in the institutional segment, where ratings soar in health care, schools, colleges/universities and B&I. And on commercial menus, they perch in the No. 3 spot, performing best in fast-food and casual restaurants.

The good sellers on appetizer menus in both segments share some common features that serve as clues to appetizer appeal: There is a preponderance of crisp textures (almost 50% are deep-fried), and two-thirds of the good-selling appetizers come to the table hot. Variety is the spice of life on appetizer menus—ethnic flavors are well-represented among commercial good-sellers by nachos, appetizer pizzas, salsa and chips, calamari and antipasto.

All of the fast-food operations in the survey rank salsa and chips as a good seller on the menu. They're also popular with more than half of all the fine-dining, casual-restaurant and family-restaurant/cafe-style operations.

The strong ranking of smoked salmon—the No. 6 good seller for institutional appetizer menus, No. 7 for commercial—suggests that even a high-cost food item can be profitable in reduced portions.

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SANDWICHES: TOP GOOD SELLERS

COMMERCIAL

1. Club
2. Cheeseburger
3. Patty melt
4. Hamburger
5. Bacon cheeseburger
6. Chicken fillet
7. Hero/poor boy/ submarine
8. Reuben
9. Chicken patty
10. Steak
11. Chicken/turkey salad
12. French dip
13. Sliced chicken/turkey
14. Tuna salad
15. Roast beef

INSTITUTIONAL

1. Cheeseburger
2. Chicken fillet
3. Chicken patty
4. Bacon cheeseburger
5. Hamburger
6. Grilled cheese
7. Reuben
8. Hero/poor boy/ submarine
9. Club
10. BLT
11. Croissant
12. Chicken/turkey salad
13. Steak
14. Gyro
15. Patty melt

MOST OFTEN ON MENU

C: Hamburger
I: Hamburger

MOST ADDED IN LAST YEAR

C: Chicken fillet
I: Chicken fillet

Sandwiches take the biggest bite: 50% of all restaurant lunches, 30% of dinners.

The champ: Cheeseburger is the top good seller for institutions, second only to club sandwich on commercial menus.

Sandwiches are the workhorses of the foodservice industry, portable meals that satisfy the '90s need for convenience and value.

Sandwiches serve as the great menu bridge, spanning breakfast, lunch, dinner and snacks. Sandwiches account for 35% of all restaurant foodservice meals and snacks, according to Park Ridge, Ill.-based NPD/Crest. Broken out by daypart, 19% of breakfasts, 50% of lunches, 30% of dinners and 12% of snacks are sandwiches.

One look at the top good sellers emphasizes the ongoing popularity of beef. On the commercial list, four are variations on the hamburger, two feature sliced beef, and one, steak. In the institutional good-sellers list, four are hamburger-based and one is a steak sandwich. The hamburger is listed on both the 1989 and the 1991 Menu Census as the sandwich most often on menus in both segments.

Within the commercial segment, the hamburger stars in family restaurants/cafes and, surprise, in fine dining; the cheeseburger and the bacon cheeseburger perform best in family restaurants/cafes; the patty melt in fast food. Within the institutional segment, the hamburger is most popular in schools and colleges; the cheeseburger is champion in schools and hospitals; the bacon cheeseburger in schools; and the patty melt in B&I.

Sliced-beef sandwiches, French dip and roast beef, have their strong-performing venus, too. In commercial, it's fine dining; in institutional, schools and hospitals, roast beef in B&I and hospitals.

The steak sandwich has a Menu Census personality all its own: The South is its regional stronghold. Commercially, it's a top good-seller in both fast food and fine dining. In the institutional segment, it performs best in nursing homes and schools.

Next to beef, chicken fills most top-selling sandwiches. On the commercial list, five sandwiches are chicken; on the institutional list, four. Versatile chicken fillings come in the form of patties, fillets, slices or salads. But the undeniable newsmaker of 1991 is the chicken fillet sandwich: It was the item most added to menus in both segments.

The classic club sandwich is enjoying a popularity surge, and deli meats and cheese combos on the top good-seller list show their versatility both hot and cold: grilled Reuben and Hero/poor boy/submarine sandwiches. Both trade solid seventh and eighth-place rankings in both segments.

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MEAT ENTREES: TOP GOOD SELLERS

COMMERCIAL

1. **Roast beef/prime rib**
2. **Beef fillet/tenderloin**
3. **Chicken-fried steak**
4. **Barbecue spareribs**
5. **Meatloaf**
6. **Steak (sirloin, T-bone, etc.)**
7. **Pork roast**
8. **Pepper steak**
9. **Pork tenderloin**
10. **Barbecue beef**
11. **Chili**
12. **Veal scaloppine**
13. **Veal cutlets (breaded)**
14. **Meat pies**
15. **Swiss steak**

INSTITUTIONAL

1. **Steak (sirloin, T-bone, etc.)**
2. **Roast beef/prime rib**
3. **Chili**
4. **London broil**
5. **Pot roast**
6. **Beef fillet/tenderloin**
7. **Chicken-fried steak**
8. **Barbecue spareribs**
9. **Pork tenderloin**
10. **Meatloaf**
11. **Pork chops**
12. **Veal scaloppine**
13. **Flank steak/brisket**
14. **Meatballs in sauce**
15. **Baked ham**

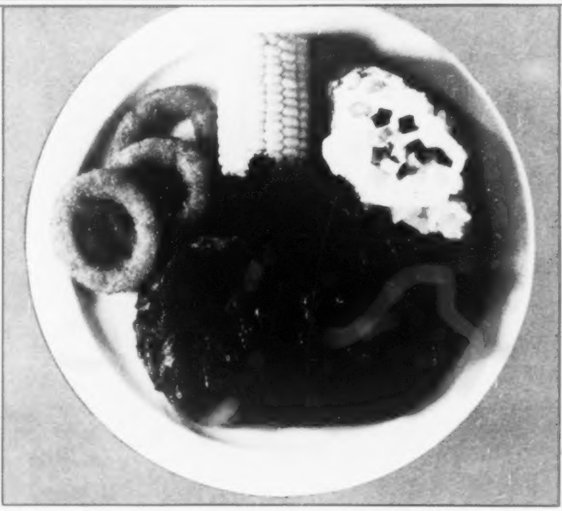
MOST OFTEN ON MENU

C: Roast beef/prime rib
I: Meatloaf

MOST ADDED IN LAST YEAR

C: Barbecue spareribs
I: Beef stroganoff

Beef still is king of meats on both commercial and institutional menus.



Sirloin, T-bone and kindred cuts stake their claim as top good sellers in the institutional segment.

Americans love real beef—steak and roast beef most of all. Steak (such as sirloin and T-bone) tops the good-seller list in the institutional segment, followed by roast beef. Roast beef (and prime rib) is the No. 1 good seller in the commercial segment, followed by the king of steak, boneless beef fillet. Not surprisingly, hotels and casual restaurants are first- and second-best-performing segments for roast beef; fine dining and hotels for beef fillet. In the institutional segment, B&I and colleges are the first- and second-best segments for roast beef; beef fillet's strongest segment is B&I.

But this year's survey helps spot two strong menu trends in meat: the popularity of regional fare and home-style, back-to-basics dishes. For example, pork takes the fourth-place good-seller ranking in commercial operations with barbecue spareribs, a multiregional specialty. Other regional meat dishes among commercial good sellers are chicken-fried steak (coming on strong in the No. 3 spot), barbecue beef, and chili, a dish that has sparked regional competitiveness from Cincinnati to Texas.

Regional fare in the institutional segment includes chili, chicken-fried steak and barbecue spareribs.

The back-to-basics move that reshaped so many menus last year is reflected by such down-home dishes as meatloaf, pork roast, meat pies and Swiss steak on the commercial good-sellers list.

In institutional operations, back to basics shows up in pot roast, meatloaf, pork chops, flank steak/brisket, meatballs in sauce and baked ham. And meatloaf was most often on the menus of institutional operations in 1991.

General eating trends are helping boost the continuing popularity of meat in general. Center-of-the-plate meat today has a lighter, leaner profile. Portions are smaller in response to the public's growing awareness of the new USDA Dietary Guidelines. In addition, the meat industry has been breeding and feeding beef and pork to reduce the fat content of the meat.

Conversely, the regional and home-style dishes tend to cater to the flip side of the coin. As comfort foods, the portions are larger, and the accompaniments are hearty. Flaky crusts top meat pies, gravy covers meatloaf and chicken-fried steak, and potatoes share plate space with pot roast. Tangy sauce bathes barbecue spareribs and beef, and somewhere, there is sure to be corn bread or biscuits.

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POULTRY ENTREES: TOP GOOD SELLERS

COMMERCIAL

1. **Chicken breast fillet**
2. **Broiled/grilled chicken**
3. **Spicy/hot chicken**
4. **Turkey breast**
5. **Fried chicken**
6. **Chicken and noodles**
7. **Whole roast turkey**
8. **Baked chicken**
9. **Chicken nuggets**
10. **Chicken pot pies**

INSTITUTIONAL

1. **Chicken breast fillet**
2. **Turkey breast**
3. **Chicken nuggets**
4. **Broiled/grilled chicken**
5. **Fried chicken**
6. **Baked chicken**
7. **Chicken patties**
8. **Spicy/hot chicken**
9. **Chicken *cordon bleu***
10. **Chicken Kiev**

MOST OFTEN ON MENU

C: Chicken breast fillet
I: Baked chicken

MOST ADDED IN LAST YEAR

C: Chicken breast fillet
I: Chicken breast fillet

Both chicken breast fillets and turkey have moved up in the rank of good sellers.

Chicken breast fillets sweep the honors: most often on menu, most added and top good seller in both segments.

Since the last *R&I* Menu Census in 1989, the chicken breast fillet has substantially improved its status as a good-selling item among both commercial and institutional operators. Last time around, it was No. 3 with commercial restaurateurs (behind barbecued and baked chicken) and No. 2 in institutions.

This year, chicken breast fillets are the top-selling poultry item among both commercial and institutional foodservice operations that put them on the menu. On the commercial side, casual and fast-food restaurants are most likely to say they sell well; on the institutional side, hospitals and B&I settings report selling chicken breast fillets most often.

Family restaurants, hospitals and colleges were more likely than other segments to add chicken breast fillets to their menus in the last year. Regionally, fillets are the top good seller among chicken dishes in the Northeast, North Central and South. In the West, they lose out by only a feather to grilled or broiled chicken.

As it has in past years, the ranking of poultry good sellers conveys contradictory messages about preparation techniques. Broiled, grilled and baked chicken dishes, usually low in fat, rank high on both the commercial and institutional lists. But in the middle of both rankings comes the perennial fried chicken. (The questionnaire does not specify skinless or skin-on poultry.) Fried chicken, as might be expected, sells much better in the South and West than in the Northeast and North Central regions.

Overall, specially formed chicken products such as chicken nuggets and patties rate as good sellers about as often in commercial foodservice as in institutional. Schools and colleges, however, find them successful more often than any other institutional segment. On the commercial side, chicken nuggets get the best rating from fast-food operators; casual restaurateurs are most likely to term chicken patties a good seller.

Various forms of turkey, appearing on both sides of the good-seller list, rank higher than in '89. Turkey breast sells well in virtually all operations except nursing homes. Whole roast turkey makes the commercial list of top-10 good sellers, earning its highest good-seller rating in hotel dining. Nevertheless, the survey reveals that half of all institutional foodservice also put a whole turkey on the menu, and almost half of those operations consider it a good seller.

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Customers' tastes in seafood and its preparation grow more sophisticated.

Salmon takes top honors as a commercial good seller; swordfish, trout, crab and roughy also make the lists.

Two years have made quite a difference in consumers' seafood sophistication. Salmon leads the commercial good sellers, with crab cakes, whole lobster and swordfish following in its wake. Breaded fried shrimp is at the top of the institutional list, where it swims with catfish, scallops, orange roughy, cod and scrod, snapper, halibut and trout. Tuna appears, too, grilled or broiled.

Compare those rankings to two years ago, when the top six on the commercial list began with breaded fried shrimp and included broiled shrimp, sautéed scallops and breaded fried scallops. Among institutional menus, the top good sellers included breaded fried shrimp, breaded fried-fish portions and tuna casserole.

In fact, at first glance, this year's institutional good-seller list seems even broader than the commercial one. This is merely a statistical quirk: Lobster, crab cakes, butterfly shrimp and other items not easily adapted to institutional foodservice have pushed roughy, snapper, trout and tuna just below the cut-off point on the commercial list.

The best explanation for this explosion of variety is growing customer knowledge and sophistication. American diners have, in the course of the last few years, taken so firmly to the seafood habit that many now are looking beyond the basic fish and shellfish—sole, perch, clams, shrimp—and the usual frying techniques.

Not that the perennials are being neglected; breaded fried shrimp and baked fish portions still are the seafood items most often on menus. But fried shrimp no longer is the top good seller at commercial operations, as in '89. It's not even the top good-selling shrimp dish, having been overtaken by both butterflied shrimp and shrimp scampi.

These good-seller lists indicate that operators might do well by offering up-market seafood that breaks away from the familiar.

For example, consider the catfish success story. In the last Menu Census, catfish was nowhere to be found on the good-seller list, though it was the item most often added to all menus. This year, catfish is the No. 11 good-seller at commercial operations that offer it, and an amazing No. 2 in institutions that do so.

The good-seller lists show little regionality. But each regional top 10 includes one type the others don't: flounder in the Northeast, orange roughy in the North Central, scallops in the South and tuna in the West.

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SEAFOOD ENTREES: TOP GOOD SELLERS

COMMERCIAL

1. **Salmon**
2. **Butterflied/stuffed shrimp**
3. **Crab cakes**
4. **Shrimp scampi**
5. **Breaded fried shrimp**
6. **Whole lobster**
7. **Cod/scrod**
8. **Swordfish**
9. **Baked fish portions**
10. **Flounder**
11. **Catfish**
12. **Scallops**
13. **Mixed seafood platter**
14. **Perch**
15. **Breaded fried fish**

INSTITUTIONAL

1. **Breaded fried shrimp**
2. **Catfish**
3. **Shrimp scampi**
4. **Scallops**
5. **Mixed seafood platter**
6. **Orange roughy**
7. **Breaded fried fish**
8. **Cod/scrod**
9. **Snapper**
10. **Halibut**
11. **Imitation seafood (surimi)**
12. **Baked fish portions**
13. **Trout**
14. **Grilled/broiled tuna**
15. **Clams**

MOST OFTEN ON MENU

C: Breaded fried shrimp
I: Baked fish portions

MOST ADDED IN LAST YEAR

C: Catfish
I: Catfish

1991 MENU CENSUS

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ETHNIC ENTREES: TOP GOOD SELLERS

COMMERCIAL

1. **Fajitas**
2. **Enchilada**
3. **Taco salad**
4. **Pizza**
5. **Any stir-fry**
6. **Pasta with shrimp**
7. **Pasta with red sauce**
8. **Veal/chicken Parmesan**
9. **Lasagna**
10. **Fettuccine**
11. **Burrito**
12. **Italian sausage**
13. **Manicotti**
14. **Chimichanga**
15. **Oriental/teriyaki chicken**

INSTITUTIONAL

1. **Pizza**
2. **Fajitas**
3. **Taco salad**
4. **Taco**
5. **Lasagna**
6. **Chimichanga**
7. **Pasta with red sauce**
8. **Burrito**
9. **Any stir-fry**
10. **Oriental/teriyaki chicken**
11. **Spaghetti with sauce**
12. **Spaghetti with meatballs**
13. **Manicotti**
14. **Fettuccine**
15. **Pasta with shrimp**

MOST OFTEN ON MENU

C: Lasagna
I: Lasagna

MOST ADDED IN LAST YEAR

C: Any stir-fry
I: Fajitas

Italian fare rules in commercial units, but institutions try Mexican and Oriental.

Pizza and other Italian entrees still dominate the ethnic category, but Mexican is closing the gap.

The ethnic category is a mix of tried-and-true standards and up-and-coming trends, as a glance at the list suggests. No standard could be more reliable than pizza, the top good-selling choice of institutional operators this year just as it was in '89. But fajitas didn't even make it onto the top 10 list two years ago; today they rank No. 1 with commercial restaurateurs and are the year's most-added menu item in institutions.

Meanwhile, lasagna is the ethnic entree most often listed on menus in both types of foodservice, but it doesn't top either good-seller list—the classic example of a menu workhorse that rarely becomes a menu star.

Among the three major ethnic cuisines, Italian is far and away the dominant presence on menus: Almost 73% of commercial menus and almost 99% of institutional menus feature some Italian entree. All told, 82% of all foodservice operations offer an Italian entree, compared to 57% serving a Mexican main dish and 51% an Asian entree.

But those figures don't tell the whole story. Most institutional operators must be generalists, offering a taste of many different cuisines. On the other hand, commercial restaurateurs can work a narrower vein of the world's cuisines. For that reason, institutional operations are much more likely than commercial foodservice to have both Mexican and Asian entrees on the menu—in fact, about *twice* as likely.

Examined by menu segment, fajitas most often are successful in lodging foodservice, followed by casual and family-dining restaurants. Among institutional foodservice, they rank highest with B&I account managers. Not surprisingly, pizza fares best in fast food, schools and B&I.

It's worth noting that taco salad, No. 3 on both lists of good-selling ethnic entrees, also was included in the category of all entree salads—and came in as the top overall good seller in that group.

Pasta still holds a place of honor on the good-seller roster. To be specific, it holds *five* places on the commercial list and *seven* on the institutional one. The list of institutional offerings includes interesting dishes: Pasta with shrimp, manicotti and fettuccine sell well, following, of course, lasagna and pasta with red sauce.

The top-selling Asian entree is really a technique, not a specific dish—stir-frying. Most often ranked a good seller by those caterers and B&I managers who offer it, stir-frying has its fewest fans in schools and fast food.

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SIDES & POTATOES: TOP GOOD SELLERS

COMMERCIAL

1. **Asparagus**
2. **Stir-fried vegetables**
3. **Green beans**
4. **Corn on the cob**
5. **Broccoli**
6. **Mixed vegetables**

INSTITUTIONAL

1. **Stir-fried vegetables**
2. **Broccoli**
3. **Onion rings**
4. **Green beans**
5. **Corn on the cob**
6. **Any other corn**

MOST OFTEN ON MENU

C: Broccoli
I: Carrots

MOST ADDED IN LAST YEAR

C: Stir-fried vegetables
I: Stir-fried vegetables

COMMERCIAL

1. **French fries**
2. **Baked potato**
3. **Seasoned/coated fries**
4. **Mashed potatoes**
5. **Stuffed potato entree**
6. **Formed/shaped potato**

INSTITUTIONAL

1. **French fries**
2. **Seasoned/coated fries**
3. **Mashed potatoes**
4. **Baked potato**
5. **Spiral fries**
6. **Hash browns**

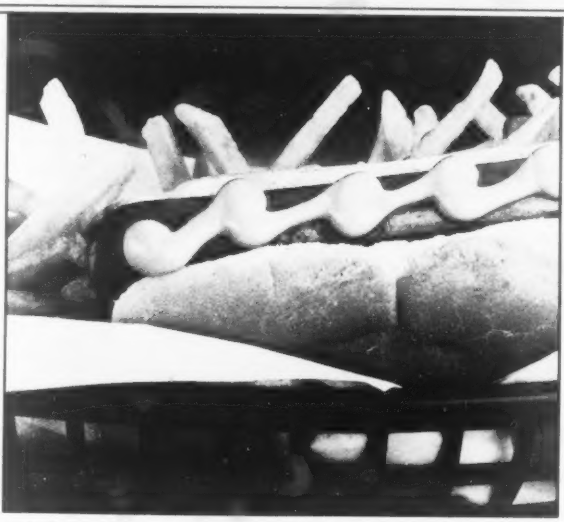
MOST OFTEN ON MENU

C: French fries
I: Mashed potatoes

MOST ADDED IN LAST YEAR

C: Seasoned/coated fries
I: Seasoned/coated fries

> **French fries are still the top tuber—**
> **plain, seasoned, straight or curly.**



The fries have it: Potatoes are the top-selling side dish, and french fries are the top-selling potato.

This year, for the first time since the *R&I* Menu Census began, the potato's versatility and its hands-down dominance as a side dish earn it a category of its own. In fact, the top four potato dishes get higher good-seller ratings than the top vegetable side dish in both commercial and institutional settings.

Among spuds, the french fry is king. This is the traditional plain french fry, straight or crinkle cut, as served in diners and drive-thrus across the land. Add to that the many variations—seasoned or coated fries, spiral fries and cottage fries—and french-fried potatoes are undoubtedly America's entree accompaniment of choice.

Fast-food operators are, of course, the commercial operators most likely to report good sales from french fries, with family restaurateurs next and casual-dining operators third. On the institutional side, french fries sell about equally well in schools, colleges and B&I accounts. According to the operators who offer them, french-fry sales show particular strength in the South.

Seasoned or coated fries were the potato dish most often added to menus in the last year, mostly in the same segments that have good french-fry sales. All these segments report that they sell well; but seasoned fries also have the respect of those hospital foodservice directors who offer them. The South added the highest proportion of potato dishes to its menus.

The third french-fry variant, the spiral-cut fry, racks up its best sales results from casual dining, followed in order by fast food, B&I, colleges and hospitals.

What of non-fried potatoes? The baked variety rises from No. 6 on the '89 list of commercial good sellers to No. 2 this year, with particularly good sales results in casual and family dining. Institutional operators say baked potatoes sell best in B&I accounts.

Potatoes aside, the vegetable side dishes that sell well in institutions often are stir-fried, according to this year's Menu Census. Stir-fried veggies also are this year's most frequent menu addition, especially in B&I, hospitals and hotels.

In the vegetable category, the Menu Census lumps together fresh items with frozen, and items available year-round with those that are highly seasonal. That's how an upscale vegetable such as asparagus can earn the top spot as a commercial good seller: When it's on the menu, it sells very well, especially in upscale restaurants.

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1991 MENU CENSUS

DESSERTS: TOP GOOD SELLERS

COMMERCIAL

1. **Cobbler/crisp**
2. **Cheesecake**
3. **Specialty pie**
4. **Soft ice cream**
5. **Specialty cake**
6. **Apple pie**
7. **Chocolate cake**
8. **Ice cream pie**
9. **Frozen yogurt**
10. **Lemon meringue pie**
11. **Cream pie**
12. **Carrot cake**
13. **Ice cream specialty**
14. **Chocolate pie**
15. **Pastry tray**

INSTITUTIONAL

1. **Frozen yogurt**
2. **Cheesecake**
3. **Brownies**
4. **Cookies**
5. **Apple pie**
6. **Chocolate cake**
7. **Soft ice cream**
8. **Pecan pie**
9. **Carrot cake**
10. **Crepes**
11. **Cream pie**
12. **Specialty cake**
13. **Chocolate pie**
14. **Ice cream specialty**
15. **Lemon meringue pie**

MOST OFTEN ON MENU

C: Cheesecake
I: Cookies

MOST ADDED IN LAST YEAR

C: Frozen yogurt
I: Frozen yogurt

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For a popular dessert, consider the cobbler: easy to make, and a top good seller.

Frozen yogurt, a rookie entry in the last Menu Census, now scores higher than any other institutional dessert.

The ranking of good-selling desserts reveals several surprises among a lot of common-sense entries. One surprise is unmistakable—the ascent of cobblers and crisps to the No. 1 commercial spot, replacing ice cream.

The best explanation for the success of cobblers and crisps might be that they tap into a taste for simple American cuisine and offer a change from the usual round of ice cream, cake and pie. The survey shows they have their highest success rate in fine dining, but they are almost equally successful in hotels and in casual and family restaurants.

Frozen yogurt, the institutional dessert leader, does best in schools and B&I operations; on the commercial side, of course, its forte is the fast-food sector. Frozen yogurt also was the most frequently added dessert in the last year, particularly in the Western region.

Crepes are a surprise on the institutional good-seller list. But they are most often offered, and most often successful, in B&I operations, though colleges also feature them and report good results. Here, too, is a dessert that succeeds by being both simple and out of the ordinary.

Cheesecake, ice cream, apple pie and chocolate cake are the hardy perennials of the dessert category, and they make their presence known this year as every year. Hotels are most likely to offer cheesecake on the menu; caterers are most likely to report it a good seller.

An interesting diagram could be made tracking what desserts succeed best in what sectors—a kind of cake-and-pie chart, if you will. For example, apple pie has its strongest following in catering, hospitals and colleges, while cream pies of any kind do well in fine dining. Carrot cake makes the biggest hit in family restaurants and in B&I operations. Both schools and casual restaurants favor ice cream pie. And nursing home foodservice managers report their best results with cookies, white cake, chocolate cake and angel food cake, in that order. (For what it's worth, nursing homes also house the most avid fans of plain rhubarb pie.)

Where does fresh fruit fit into this high-calorie picture? Two out of five operations feature it on their dessert menus, most commonly colleges, nursing homes and hospitals. Of these three, colleges have the best luck with it: Almost half the college operations surveyed say it sells well, compared to one-third of each of the other two sectors. R&I

■ **BUSINESS TRENDS**

Prime Beef Leads Sales at Upscale Steakhouses

Red meat accounts for up to 70% of sales at Morton's, Lawry's, Palm and other high-end dinner houses.

By Lori Oleinick Dube

Since the 1970s, the health craze has been as much a part of American culture as apple pie. But regardless of doctors' health warnings, and perhaps because of them, business at the nation's upscale steakhouses is sizzling hot.

"When *Time* magazine came out a few years ago with a cover story that said beef is bad, our sales were never affected, and in fact our sales went up a little bit," says Michael Archer, president of the 13-unit Morton's of Chicago.

At the three Lawry's The Prime Rib restaurants, where slabs of prime rib are the house specialty, the opinion that beef is *verboten*—dietarily speaking—hasn't made a dent in sales.

"It may in fact be an odd case, where it is really helping our business because, true, a lot of people are simply eliminating beef from their diet because their doctors say so, but a lot of people aren't. They are saying to themselves, 'I want to eat beef less, but when I want to have beef, I'm going to go out and get the best beef I can find,'" says Richard R. Frank, vice president and chief financial officer of the Los Angeles-based chain.

Last year's sluggish performance by budget steakhouses proves Frank's point. Of the nine such chains listed in *R&I*'s ranking of the country's 400 biggest foodservice operations (July 10, 1991, issue), only three registered positive real sales growth.

THE MENU MIX

At most upscale steakhouse operations around the country, beef entrees comprise more than 75% of sales, but many admit to adding more fish items to their menu in recent years to give diners a more healthful alternative. Diversification of menus, even among steakhouse restaurants with national reputations, seemed for many to be the right move.

Lawry's offers customers a six-ounce portion of its best-selling prime rib

Fifteen years ago, Ruth's Chris Steak House put lobster on its all-beef menu. Five years ago, it added salmon, tuna, lamb chops and veal chops. A year later, chicken was added.

"It was to give the diners an alternative, just in case they didn't want to eat steak," says Ruth Fertel, founder of the 29-unit chain, which is based in New Orleans.

Currently, 76% of Ruth's Chris's sales are from beef, 11% from lobster, and only 3% from chicken. Satisfied with the current menu mix, Fertel has no plans to add additional entrees.

At the Old San Francisco Steak House, Barry A. Brown, president and CEO, says menu diversification has helped sales climb in his four Texas restaurants. When Brown joined the company four years ago, seafood accounted for only 5% to 7% of the restaurants' sales. Adding items such as Norwegian salmon, swordfish and Texas gulf snapper to the menu has led seafood to account for 25% of total sales.

"I still believe that while we are primarily a steakhouse—about 80% of our business is beef—we still need to cater to that person who wants a fresh piece of fish by offering them more than one type of fish or one type of chicken," says Brown.

At the 11 Palm restaurants, a multifaceted menu is nothing new. While renowned for prime aged beef, only 50% of the chain's sales comes from beef entrees. Lobster and fish account for 25% of entree sales, and another 25% from Palm's Italian selections.

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"People talk about diversifying their menus, and that's something we've always had," says Fred Thimm, chief operations officer at the New York-based chain.

Most steakhouses offer smaller portions of regular-size beef entrees.

PORTIONS: IS BIGGER BETTER?

Because it is known as a steakhouse, Palm's tradition of variety is not well-known among nonregulars. Over the last year, when restaurants have all felt the economic crunch, Palm has enhanced marketing efforts to get the word out.

"In a recessionary environment, where suddenly you feel the pinch of competition, we are starting to make infrequent and new customers aware of the fact that if you go to the Palm for lunch, you don't have to have an 18-ounce steak," says Thimm. "We have been reorienting our menu to feature some of the items our regulars have always known we have, for instance pasta, chicken and salads."

Because beef continues to be the bread and butter for upscale steakhouses, some have decided to try giving their customers what they want—but less of it.

The Old San Francisco Steak House and the Palm offer smaller portions of their regular-size beef entrees. At Lawry's, one of the only three additions to their menu in the last decade is the California cut, a 6-ounce portion of prime rib, instead of their traditional 10- or 11-ounce slice.

When the Palm closed its San Francisco restaurant last year, the consulting firm used to evaluate the restaurant's demise made it clear that huge portions of quality beef were not a sure ticket to success.

When the Palm opened another restaurant in Philadelphia, it experimented by offering a smaller version of many of the full-size entrees. For instance, in addition to the 18-ounce sirloin, customers could choose a 12-ounce sirloin.

"Naturally, it had an effect on the average check," says Thimm. "But it has its costs and benefits. The benefit was we achieved rapid market acceptance in Philadelphia."

In future Palm openings, Thimm says a modification of the smaller-portion concept will be used.

In Palm's successful restaurants around the country, Thimm has seen a trend among diners who are cutting back on beef consumption by sharing entrees.

"People are real interested in splitting items. That's a trend we've seen that we encourage," says Thimm. "A couple might have come in in the past and had two New York strips, and now they might order one New York strip and a piece of fish and split it."

However, at places like Morton's, where large portions are their trademark, there hasn't been a noticeable change in diners' consumption habits since the first restaurant opened in 1978.

"If you're coming to Morton's, you're coming with the idea in mind that you're going to be a little bit decadent," says Mary Jo Newberg, director of sales and public relations. "When people make the reservation to come here, compromise isn't exactly top of mind for them."

Taking great pride in its portions, Morton's gladly wraps up diners' leftovers in fancy silver-embossed doggie bags.

STAKING OUT NEW MARKETS

Perhaps the greatest indication that upscale steakhouses are operating in the pink is that most have plans for future expansion domestically and some even internationally.

The Old San Francisco Steak House plans to expand in Texas, and Ruth's Chris Steak House will open one or two new franchises and probably one company restaurant by year end. Morton's is slated to open restaurants in Cincinnati, San Antonio and Palm Beach in the second half of 1991, and is examining expansion into Europe, which should become a reality within the next two years.

Lawry's isn't planning to open any new U.S. restaurants, but continues to field calls from Japanese businesspeople expressing interest in opening a Lawry's in that country.

According to Frank, securing the appropriate piece of real estate in Tokyo for the project remains a sticking point. He has no doubt, however, that the Japanese, whose appetite for beef has been whetted by some 800 McDonald's units in their country, will adopt Americans' fondness for beef. "Our restaurants are very popular with Japanese visitors to the U.S.," says Frank. "It's so unusual to the Japanese culture and diet. They seem to like it."

Lori Oleinick Dube is a Chicago-based freelance writer.

STEAKHOUSE CHAINS AT A GLANCE

Lawry's The Prime Rib
No. of units: 3. *1990 sales:* about $16 million. *Average unit volume:* $5.5 million. *Check average with alcohol:* $28. *Best seller:* prime rib. *Alcohol sales:* 20%-25% of total.

Morton's of Chicago
No. of units: 13. *1990 sales:* N/A. *Average unit volume:* N/A. *Check average with alcohol:* $45. *Best seller:* porterhouse steak. *Alcohol sales:* 18% of total.

Old San Francisco Steak House
No. of units: 4. *1990 sales:* $16 million. *Average unit volume:* $4 million. *Check average with alcohol:* $23-$25. *Best sellers:* filet mignon, prime rib, sirloin strip. *Alcohol sales:* 18% of total.

Palm Restaurants
No. of units: 11. *1990 sales:* N/A. *Average unit volume:* $3.5 million. *Check average with alcohol:* $45. *Best sellers:* New York strip, lobster. *Alcohol sales:* 22% of total.

Ruth's Chris Steak House
No. of units: 29 (30th opens in September). *1990 sales:* $60.7 million. *Average unit volume:* $2.4 million. *Check average with alcohol:* $38. *Best sellers:* filet mignon, rib-eye steak. *Alcohol sales:* 22% of total.

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THE CARE AND FEEDING OF YOUNG DINERS

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SEPT. 18, 1991

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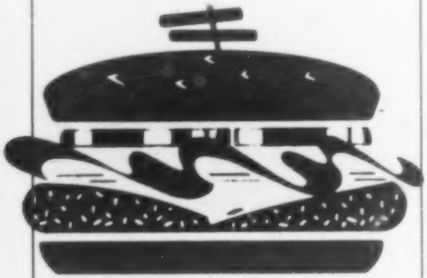

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More than half the parents polled in a recent survey said their children influenced the decision to eat out—when *and* where. Wise restaurateurs pay attention to families and the future customers they represent. Our marketing feature—"a practical guide to the care and feeding of toddlers, teens and in-betweens"—takes each group by the hand, recommending menu and service ideas to keep family ties with your operation strong.

75 SERVICE, MANAGEMENT TIPS IN R&I'S IDEA FILE

Keep caffeinated and decaffeinated coffee orders straight. Help servers settle the check the right way. Take steps to change an employee's bad attitude. Quiet down your establishment for patrons' comfort. Find out how in this issue's Ideas section.

44 ABOUT THE COVER: CLASSIC SANDWICHES ALWAYS BREADWINNERS

The club (shown on cover with white and dark breads, ripe tomatoes, lean bacon and crisp, crisp lettuce), the Reuben, and the hero have been favorites for more than 50 years and are in no danger of becoming stale on menus. This issue's Taste article tells how to update these and other classics, beef up sandwich breads and fine-tune sandwich fillings.

82 THE REVIVAL OF BAKED ITALIAN CASSEROLES

Baked casseroles, a time-honored Italian dish for special occasions, bring an out-of-the-ordinary feeling to lunches and dinners across America. Pasta baked with meat and vegetables, polenta with sausage, macaroni with cheese, even everybody's favorite lasagna—our ideas bubble over with new flavors and textures to add another dimension to merchandising Italian specialties.

98 VALUE-ADDED COFFEES BOOST BAR BUSINESS

New Orleans' Palace Cafe spends 55 cents to make a cup of its specialty coffee—a heady blend of chocolate mint liqueur, schnapps and chicory coffee topped with whipped cream. The menu price: $6. Product Know-How shows how to create and market specialty coffees and teas.

®R&I EXCLUSIVE

■ MARKETING

YOUNG DINERS

A practical guide to the care and feeding of infants, teens and in-betweens

By Rob Townsend

Eighteen might be the minimum age for electing government leaders, but when it comes to ruling a household's foodservice decisions, children have all the power they need.

Fifty-five percent of parents polled in a 1990 National Restaurant Association/Gallup survey said their children between the ages of 6 and 12 are influential or very influential in the decision to eat out. Even the very young carry clout: 48% of parents with children under 6 said their offspring are influential.

These youngsters don't just want to eat out, they often want to go to a specific restaurant. In the same survey, 45% of parents with children under 6 and 47% of parents of children between 6 and 12 said their youngsters are influential or very influential in choosing the destination.

In the 1990 *R&I* Tastes of America Survey, an overwhelming majority of households with children reported that their youngsters eat a meal away from home at least once a week. The smallest percentage given was 81.8%—for children with a single parent—and the largest was 91.1%—for children in double-income households.

Since it usually holds true that where there are children, there are parents, com-

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U.S. POPULATION UNDER AGE 19: STILL GROWING, BUT SHIFTING

At the turn of the century, the number of children (age 0 to 19) in the United States will be about the same as it was in 1989—stepping up to a projected 73.35 million in 2000 from 71.76 million in 1989. During this time, however, some shifts will occur within this age group.

As baby boomers age, they aren't having as many children as they did in the '80s. Figures from the United States Department of Commerce, Bureau of the Census, show a projected drop of nearly 2 million in the number of children under 5 between 1989 and 2000. At the same time, the number of teenagers between the ages of 15 and 19 will grow by approximately 1.25 million.

Age	1989	1991*	1995*	2000*
Under 5	18.75MM	18.39MM	17.80MM	16.90MM
5 to 9	18.21	18.49	18.76	18.13
10 to 14	16.95	17.76	18.85	19.21
15 to 19	17.85	16.87	17.57	19.11
Total children	71.76	71.51	72.98	73.35

Source: U.S. Bureau of Census; population figures in millions; * projected

YOUNG DINERS

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mercial operators who effectively appeal to and satisfy the needs of the young set stand to keep their bottom line healthy. Many of these operators have devised successful marketing and menu strategies with children in mind.

INFANTS AND TODDLERS

Menu and marketing don't have the slightest impact on newborn babies. All appeal here must focus on the parents who have elected to bring the youngest with them. Wait staff should be trained to respond to parents' needs on a case-by-case basis. If a parent doesn't want to feed the baby cold formula, all it takes to make a good impression is a server who volunteers to take the bottle back to the kitchen for heating.

Many operations make it much easier for parents of infants to spend time in restaurants by supplying changing tables in both men's and women's rooms. These tables often fold down from the wall, conserving space when not in use. Cost for these tables is approximately $200 to $300; installation is another $100 or so, according to operators who have added them.

High chairs and booster seats are essential for families with small children. At The Ground" Round, the South Weymouth, Mass.-based dinner-house chain, a wooden piece of furniture carries out two functions: Standing up one way, it holds an infant's carrier, leaving the baby undisturbed; turned over, it's a high chair for a toddler.

Nearly all restaurants seat children with their parents in the dining room with the rest of the paying customers. As children learn to walk and talk (and run and scream), their impact on other diners increases.

"We find our emphasis on booth seating helpful with

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Booth seating gives parents tighter traffic control over wandering toddlers.

YOUTHFUL YEARNINGS: CHILDREN PREFER FAMILIAR FAVORITES

When it comes to satisfying the taste buds of foodservice's young customers, three or four foods lead the pack, according to parents. A 1990 National Restaurant Association/Gallup survey asked parents to name their children's three favorite menu items. The winner, by a knockout, was the plain and simple hamburger, a favorite of 42% of children under 6 years of age, and 45% of children age 6 to 12. For kids under 6, french fries placed second, with a rating of 31%, and chicken placed third with 23%. With the older group, these two foods flip-flopped in ranking, logging a 21% approval for chicken and 16% for french fries. Pizza was the only other food to register a double-digit percentage approval, coming in fourth with 6- to 12-year-olds at 15%. All other foods registered less than a 10% rating as a favorite of either age group.

Among those popular menu items that placed lower on the list, hot dogs suffered the largest drop in popularity with children over the age of 6. As youngsters reach their preteen years, they demand more flavor in their food, which might explain the drop, not only in hot dogs, but also in grilled cheese sandwiches and pancakes.

Ranking of favorite food for children under 6, according to parent:

Hamburger	42%
French fries	31
Chicken	23
Spaghetti	9
Hot dogs	8
Pizza	4
Baby food	3
Grilled cheese	3
Pancakes	3
Shrimp	3
Fish/fish and chips	3
Steak	3%
Cheeseburger	3
Tacos	2
Mashed potatoes	2

Ranking of favorite food for children between 6 and 12, according to parent:

Hamburger	45%
Chicken	21
French fries	16
Pizza	15
Fish/fish and chips	9
Steak	9
Shrimp	8
Salad/salad bar	8
Spaghetti	7
Cheeseburger	6
Hot dogs	5
Chinese	4
Grilled cheese	2
Pancakes	2

Source: National Restaurant Association/Gallup survey, 1990

YOUNG DINERS

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toddlers," says Ron McDougall, president of Dallas-based Chili's Grill & Bar. "Parents typically sit on the outside with their children on the inside, keeping them from running around."

If children become restless early on in the meal, an alert staff usually can save the parents—and the rest of the dining room—from embarrassment with quick reaction. "It's just common sense," says M.J. Kim, owner of Lori's Diner, San Francisco. "If a child starts to cry, one of our staff takes them a piece of candy or a balloon to cheer them up."

If it's obvious that a child is sick or ill-tempered and won't last the whole meal, offer to pack up the leftover or yet-unserved meal portions. The family might head home, but they can still enjoy the meal they went out for. "We keep carryout containers in all of our service stations," says Jim Hollingsworth, general manager of The Spaghetti Warehouse in Columbus, Ohio. "As soon as our serving staff notices a family getting ready to leave early, they pack up the leftovers in about a minute."

The proper servingware for children can go a long way toward preventing spills and other episodes that cause frustration for kids. Chili's is developing a lightweight plastic glass for children. "We currently have two sizes of mugs, one for soft drinks and one for milkshakes, and they are both too big and heavy for little kids," he says. The chain also serves many of its kids' meals in plastic baskets, rather than on the heavy dinnerware used for adult fare.

The Ground Round uses the same style of plates for kids as it does for adults, but in a smaller size, according to Judy Kelly, vice president of marketing. A child's portion would be dwarfed on an adult's plate, she says.

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Grade-school children still enjoy puzzles, games and other diversions.

FLEXIBLE MENUS SEND KIDS AWAY SATISFIED

"The most disturbing thing a parent can hear from a child on the way home from a restaurant is 'I'm still hungry. I didn't like anything there,' " says Dale Goin, co-owner of A Piece of Quiet, Denver.

To make sure their young customers don't make that complaint, Goin and his wife and partner Sally Rock have revised the restaurant's children's menu since its opening last October. The adult menu features such upscale dishes as black lobster ravioli and salmon *en papillote*. Goin originally offered a similarly upscale children's menu, with such items as basil fusille with sauce and apples stuffed with cream cheese and peanut butter.

Then reality set in. "The kids wouldn't touch the cream cheese," says Goin. Now, kids choose from pizza, sliced vegetables, and peanut-butter-and-jelly sandwiches.

The lesson is a simple one. As shown in the previous sidebar, kids love familiar foods. "Children's food should not have a high flavor profile—go light on seasonings and spices," says Ron McDougall of Chili's. "Kids love ketchup and hate onions."

As for selection, many restaurants with children's menus offer kids' favorites, even if some of the items don't appear on the adult menu. The Ground Round, for example, offers grilled cheese sandwiches and hot dogs to children only. It recently added pizza as another children's exclusive.

Restaurateurs who don't specialize in family business don't always feature a separate children's menu. Because Wynkoop Brewing Company does most of its family business on Saturdays only, it features an adult menu only. "Most children order certain items off of the regular menu, such as mashed potatoes and baked pasta with three cheeses," says owner Barbara Schehrer. "However, when we do get requests from parents for smaller portions, we accommodate them and give them a special price as well."

Terczak's in Chicago also does not offer a children's menu. "Really young children generally just eat portions of whatever their parents order," says Linda Terczak, owner. "For older children, we'll make something upon request. These items usually are plain foods, such as pastas and grilled chicken or fish."

Yet, not all children go for traditional favorites, Terczak says. "Kids have much more sophisticated tastes than ever. I recently heard a little girl tell her mother, 'You know, I feel like sushi tonight.' Another 8- or 9-year-old ordered a cup of cappuccino after dinner."

YOUNG DINERS

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Restless toddlers often just need a diversion to keep them occupied. Many operators print special paper place mats for children containing games and puzzles. Often, they are printed on the back of the operation's standard place mat, eliminating the need for two different mats. Butcher paper table covers and crayons let children create their own fun.

GRADE SCHOOLERS

Shoney's, the Nashville, Tenn.-based family restaurant chain, prints puzzles on its place mats and in activity books for toddlers, but also adds more advanced diversions to these items for slightly older children.

"We will offer simple games for the very young, but for older kids, we include more challenging games and stories based on special themes," says Jeff Sowell, vice president of marketing. "We recently included some items that taught children about environmental issues, such as how the water cycle works."

On the food side, Shoney's initiated a Wednesday night promotion last year in which kids under 12 eat free when accompanied by their parents. Children can order from the regular children's menu or, at some restaurants, take advantage of the Kids' Korner food bar. The self-service food bar, in test since earlier this year, features such child pleasers as peanut-butter-and-jelly sandwiches, and hot dogs and beans. "Kids like it because they can create their own meal," says Sowell.

The Ground Round involves children under 12 with a different type of promotion. In each store, on a specific night of the week, kids can order from the children's menu and pay for it under the "Penny a Pound" program.

"Parents love the program because of the value,

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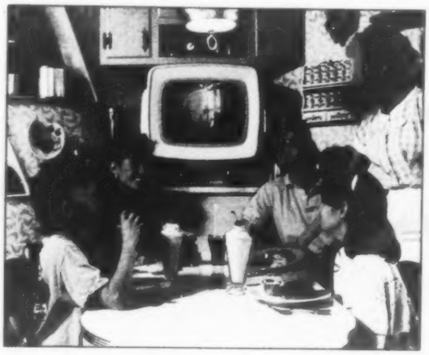
Preteens and teenagers prefer foods with more spice and seasoning than youngsters.



OPERATOR STRATEGIES FOR FAMILY MARKETING

When it comes to marketing a restaurant to families, operators use different strategies for specific target customers.

Chili's television advertising spots don't focus on children, rather an enjoyable family experience, says Ron McDougall, president. The ads run either in prime time or on sports programs, says McDougall. The chain does not advertise on Saturday morning children's shows. "We don't make a strong pitch directly at children, because too many kids in a restaurant can drive some adults away," he says.

Shoney's also targets entire families, and aims its ads at parents age 35 and over, says Jeff Sowell, vice president of marketing. "Our marketing dollars are limited, so we concentrate on adults," he says. "However, kids have a high level of recall and remember our ads when they see them."

For in-store marketing, Sowell appeals to children up to age 12 with the Shoney Bear Cub Club, which sends a certificate for a free meal and dessert on members' birthdays.

On the other hand, the ShowBiz Pizza Place/Chuck E. Cheese's pizza chain spends most of its marketing budget on television ads targeting children. "Our typical media buy is a television show with a demographic appeal to ages 2 to 12," says Dick Huston, executive vice president. Because ShowBiz separates its game areas by age (the ball crawl for those under 6 is in one area, while skee ball and other attractions for the over-6 crowd are located elsewhere), it often advertises on children's shows with an even tighter age demographic, says Huston.

Operators who wish to target specific demographic audiences, for instance, children ages 6 to 12, should be aware of which shows pull the largest number of desired viewers, says a spokesman for an Illinois-based media-buying firm. "It doesn't matter which station the show is on, it's the show itself that draws the numbers," he says. If an advertisement targets a specific age group of youngsters, such as ages 2 to 6, advertisers should request an airing during a specific show, rather than letting the station program it during a block of children's programming, he recommends. "This is easier to do with local independent stations. It is harder with network affiliates, but it is possible," he adds.

Denver's Wynkoop Brewing Company spends its marketing dollars on print ads in the local newspaper, says Barbara Schehrer, owner. The ads, targeted toward parents, show an entire family in the restaurant, with a headline reading, "Here's a Great Way to Spend a Saturday."

YOUNG DINERS

Satisfying the needs of kids and parents is a juggling act that pays off in return business.

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and kids are happy because of the activity—they get to sit on a scale and see their weight," says Judy Kelly, vice president of marketing. "We've found that the average child weighs 61 pounds. We may lose money on some of our food items by charging an average of 61 cents, but it pays for itself in the long run—after all, kids under 12 don't come in here by themselves."

One wouldn't expect to find kids going into the Wynkoop Brewing Company by themselves, but the 180-seat Denver brewpub doubled its Saturday lunch business by targeting families. How? It was magic, says Barbara Schehrer, owner.

"We hired a magician to come in on Saturdays from noon to 5 p.m.," Schehrer says. "He goes from table to table, performing magic tricks and blowing up balloons." Since the magician appeared, Saturday lunch covers have gone up from approximately 100 to between 200 and 250. Repeat customers make up much of the new business, she says.

PRETEENS AND TEENS

As children grow older and hit double-digit birthdays, their taste in food changes. "They start experimenting with spicier foods, such as chili and barbecue ribs," says Chili's McDougall.

Once preteens become full-fledged teenagers, new challenges crop up. "If anybody ever figures out how to make teenagers happy, they deserve a gold medal," says Schehrer. "When our magician performs, the kids love it, their parents are happy, but the teenagers just roll their eyes and say 'God, I'm too *old* for this!' "

While teenagers are legally minors, they aren't considered a part of the children's market segment by some operators. ShowBiz Pizza Place Chuck E. Cheese's pizza restaurants, Irving, Texas, puts its emphasis on appealing to children 12 and under, according to Dick Huston, executive vice president.

The chain features puppet shows, rides and games, but removed most of the video machines it used to feature. "Our video games appealed mainly to older kids and, as a result, some of our units became teenage hangouts," he says. "Our policy now is no teenagers without parents."

McDougall says that teenagers who come into Chili's without their parents act a little less "goofy" than they used to. "In the past, some of our restaurants had to prohibit anyone under 18 without an adult," he says. "They would often tie up a table for a couple of hours, ordering only french fries and soft drinks. They would also hop from table to table, moving their chairs around the store. For whatever reasons, they aren't doing this as much these days." **R&I**

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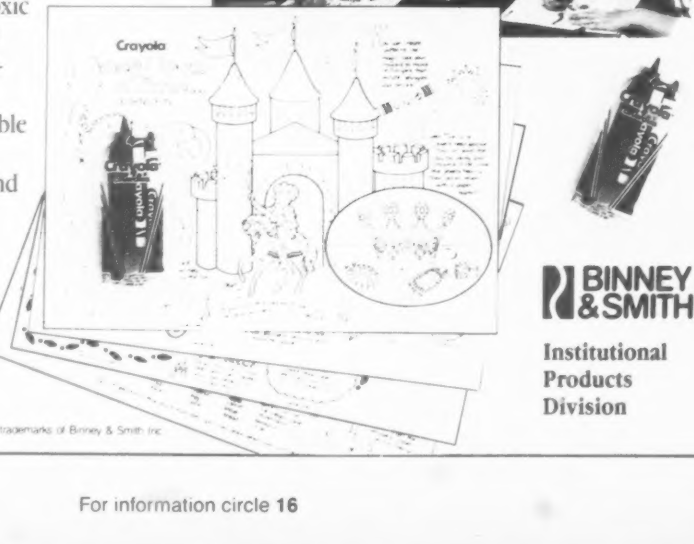

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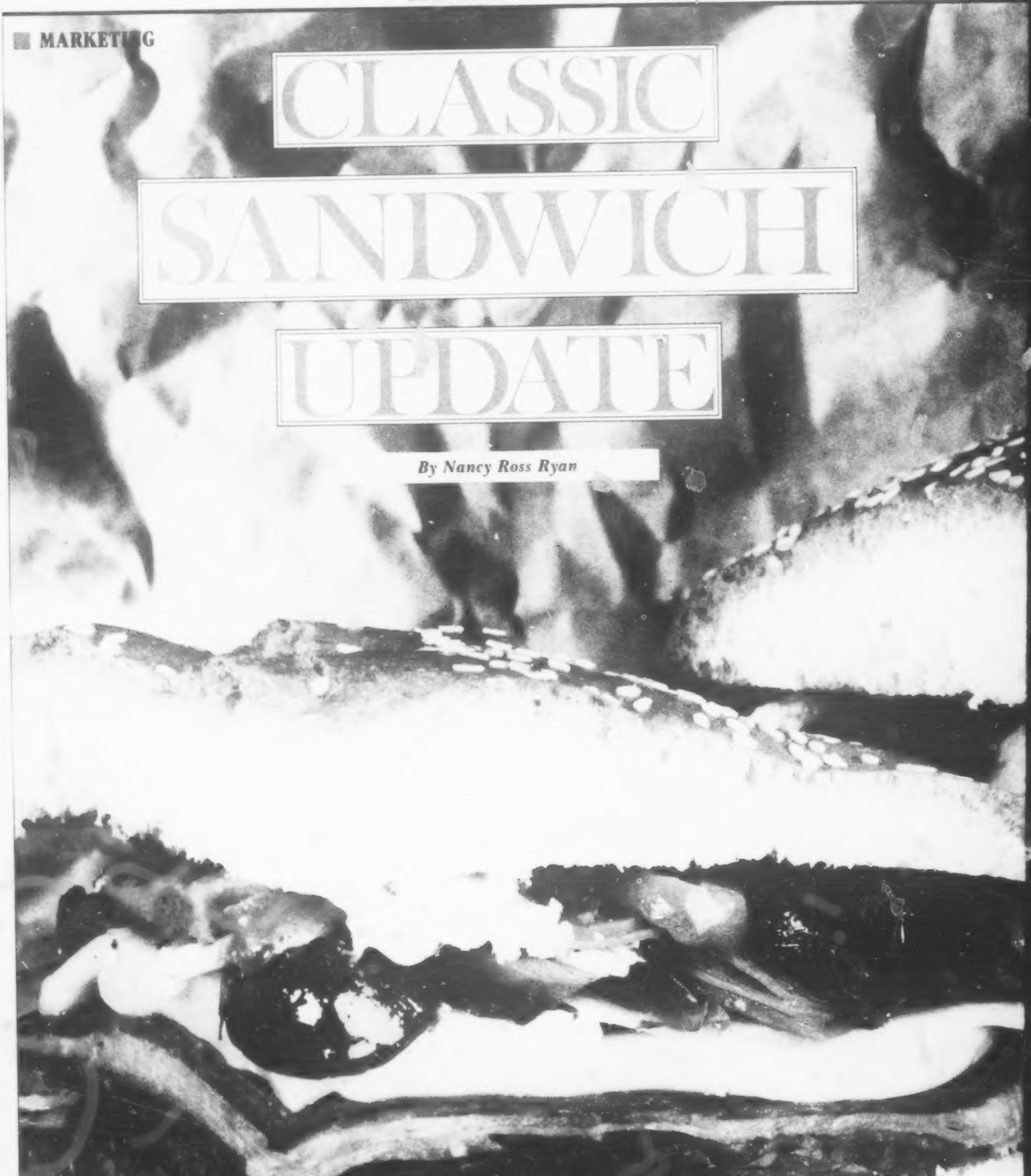
MARKETING

CLASSIC SANDWICH UPDATE

By Nancy Ross Ryan



RESTAURANTS & INSTITUTIONS

Old and new combinations star on today's menus.

The first sandwich was ordered by John Montagu during a winning streak at cards. Loathe to leave the gaming table to eat, the Fourth Earl of Sandwich called for one piece of meat between two slices of bread. Given the place, England, and time, the late 1700s, that sandwich was probably roast mutton. The concept—if not the recipe—was an instant winner.

The sandwich has become part of American culture and today is king of U.S. foodservice, which boasts the world's most varied sandwich repertory. (See "America's Favorite Meal" sidebar.) Use this wrap-up of classic sandwiches of yesterday and tomorrow—and the accompanying sandwich-making tips, to discover if your sandwich menu stacks up.

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New Orleans' famous muffuletta sandwich.

TASTE

AMERICA'S FAVORITE MEAL

Sandwiches! How—and when—do we love them? Hot and cold, at breakfast, lunch, dinner and snacks. How much do we love them? Sandwiches account for*:

- **35% of all restaurant foodservice meals.**
- **19% of all restaurant breakfasts.**
- **50% of lunches.**
- **30% of dinners.**
- **12% of snacks.**

Which ones do we love? The top 10 good sellers in restaurants are:**

- **Club**
- **Cheeseburger**
- **Patty melt**
- **Hamburger**
- **Bacon cheeseburger**
- **Chicken fillet**
- **Hero/poor boy/submarine**
- **Reuben**
- **Chicken patty**
- **Steak**

The top 10 in institutions:**

- **Cheeseburger**
- **Chicken fillet**
- **Chicken patty**
- **Bacon cheeseburger**
- **Hamburger**
- **Grilled cheese**
- **Reuben**
- **Hero/poor boy/submarine**
- **Club**
- **BLT**

Sources: *NPD/CREST, Park Ridge, Ill.;
**1991 *R&I* Menu Census

Sandwiches bridge all meal occasions and span all menu segments.

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Americans have developed the world's most varied sandwich repertory, much of it deserving the designation "classics." Some, like the club and the Reuben, have been favorites for 50 years; some, like the hamburger and hot dog, for almost a century.

Sandwiches have never been more popular, and the '90s' back-to-basics trend has revitalized interest in sandwich classics. Leaving aside the ever-popular hamburgers, steak, hot dog and barbecue sandwiches—topics complete in themselves—the following list of classics describes the sandwich's original form with suggested updates.

HOT CLASSICS

Croque monsieur, croque madame and Monte Cristo: Leave it to the French. The first classic is ham and Swiss cheese on white bread dipped in beaten egg and grilled. The second is the same with sliced chicken instead of ham. The third is both. Updated versions omit the egg dip and grill in a specialized iron. Some use whole wheat or French bread.

French dip: Thinly sliced medium-rare roast beef in a baguette (a short French-bread roll) with a side of jus for dipping has been a menu standard for years. Update the jus with a dash of red pepper sauce, or an Asian accent—soy, sesame oil, ginger root and green onion.

Grilled cheese: A plain cheese sandwich spread with mustard is transformed by grilling. Cheddar or American cheese is classic. Swiss, mozzarella and Monterey Jack are zingy. Add sliced tomatoes for zest. Leave it to Spago: A pastry chef at Wolfgang Puck's famous Los Angeles eatery invented a grilled cream cheese sandwich—cream cheese puréed with asparagus tips.

Hot (sliced) beef or turkey with mashed potatoes and crater gravy: This country classic is served open face on white bread with gravy over all. Try skin-on mashed potatoes; substitute roast pork for beef or turkey.

Hot pastrami, hot corned beef: Thinly sliced, piled high on rye with or without caraway seeds. Add mustard, a garlic dill pickle, and customers are in deli heaven. So try pumpernickel bread. Or hearty, dense white country bread.

Philadelphia cheese steak: Not really steak, but thinly sliced beef, sautéed quickly with onions and peppers. Melt

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Not just for kids: peanut butter and jelly or cream cheese and jelly are an open (and shut) case of customer pleasers. Not just on white bread: Spread them on rye, wheat or raisin.

Hearty fillings require thick bread; delicate fillings get thinner bread.

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a slice of cheese on top, then scoop it into a split oval sandwich roll. What's to update? Don't mess with success.

Reuben: This grilled sandwich of corned beef, sauerkraut, Swiss cheese and Russian dressing layered between rye (or pumpernickel) was invented either in 1914 by New York deli owner Arthur Reuben for Charlie Chaplin's then-leading lady—or else in 1955 by Omaha wholesale grocer Reuben Kay for buddies at a poker game. No matter. It's a menu winner, and illustrates several proverbs: Leave well enough alone; don't gild the lily. If you must, add sliced chicken or turkey breast.

Sloppy Joe: This '50s classic combines cooked ground beef, onion and green pepper in a tomato (usually ketchup) sauce and glops it on a Kaiser roll or hamburger bun. Tidy it isn't. Tasty it is. Sloppy José: Substitute chili con carne for ground-beef mixture and top with melted cheese. Serve with a knife and fork and sides of salsa, sour cream and guacamole.

COLD CLASSICS

BLT: When the bacon is crisp, the lettuce, too, the sliced tomatoes ripe, the toast freshly made and spread with mayonnaise, this sandwich is heaven. It welcomes variations: Add cheese at will. Try Swiss cheese and turkey, too. A fried egg could be tasty, not to mention onions.

Club: The classic three-tier toast, chicken or turkey, lettuce, tomato, and bacon sandwich spread with mayonnaise is surprisingly controversial. It gets its name from railway club cars, or country clubs or gambling casino clubs. Take your pick. The triple-decker is the classic favorite. And square bread is the choice. Try wheat or rye. Or try alternating white and dark bread (see cover of this issue). Substitute spinach leaves for lettuce. Try mustard- or chive-flavored mayonnaise.

Egg salad: Once a favorite at drugstore and dime-store counters, this satisfying sandwich is ready for a revival. Serve on white or wheat bread or toast. Flavor salad with mustard, minced onion and pepper. Add crumbled bacon or chopped olives to egg salad.

Ham, ham and cheese: Thinly sliced ham with mustard on rye, with or without Swiss cheese, is a flavor combination hard to beat. It's good on white bread and whole wheat, on baguettes

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SANDWICH SMARTS

Sandwiches deserve the same attention to quality and presentation as other menu items. So for super sandwiches, follow these tips:

- **A sandwich is only as good as its bread, so use the best. First-rate fillings are wasted on second-rate bread.**
- **The filling and the bread should be in proportion: The heartier the filling, the thicker the bread. The thinner the filling, the thinner the bread.**
- **Sandwiches should be tidy. The only sloppy sandwich should be a sloppy Joe. Overfilled sandwiches can make as bad an impression as those with skimpy fillings. In general, ingredients should reach the edges of the bread, but not beyond. (Exceptions are some cold-cut and cheese combos where the fillings show to create the effect of generous portions.) Cut and plate sandwiches carefully so that customers can pick them up without having fillings spill.**
- **Make sandwiches to order (or as close to serving time as possible), especially those with moist fillings and those made with toasted bread.**
- **Serve hot sandwiches on heated plates, cold sandwiches on chilled plates.**
- **Garnish appropriately (to complement flavors and textures of the sandwich) and plate with pizazz!**

UNIVERSITY OF PENNSYLVANIA
QUAKERS

In Philadelphia, it's a hoagie; in the Midwest, a sub; elsewhere, a grinder or hero. This popular American cold-cut and cheese classic is a best-seller at the University of Pennsylvania.

SANDWICH BREADS

Classic or signature sandwiches start with good bread. There is always room for innovative fillings on familiar breads: square Pullman slices of white and wheat; oval slices of rye and pumpernickel; hard and soft rolls and buns, and the French and Italian loaves, perfect for lengthwise slicing.

But the reverse is equally true: there is always room for familiar fillings on innovative breads. So take an inventory of customers' favorite fillings and match-make with some of the following breads:

- ***Loaf bread:* Sourdough, raisin, cinnamon, egg (challah), brioche, whole-grain, millet, oatmeal, anadama (yeast-risen corn bread), cheese, herb, onion, sun-dried tomato, jalapeño, fruit and nut quick breads.**
- ***Single-serving bread:* Bagels, croissants, English muffins, biscuits, small dinner rolls, pita pockets, French toast and even pancakes.**
- ***Ethnic bread:* European-style country loaves (thick-crusted and chewy), *bruschetta*, *focaccia*, olive oil bread (*pane al'olio*), semolina bread.**

Call it hoagie, poor boy or submarine, a hero by any name is still a winner.

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or croissants. Try challah with honey-mustard.

Hero, hoagie, grinder, poor boy or submarine: Those are all names for variations on the same, originally Italian idea of filling split loaves of Italian bread (12 inches to 6 feet long) with a variety of Italian deli meats and cheeses, not to mention olives, Italian peppers (both hot pickled and sweet roasted), onions, lettuce and sometimes halved meatballs. The poor boy (from the French *pour-boire* or tip) is the New Orleans version made with the New Orleans French bread and can be filled with fried oysters—the famous oyster poor boy. This sky's-the-limit sandwich is everybody's hero—especially at the 5,380-unit Subway chain.

Lox, cream cheese and bagel: The delicatessen special is do-it-yourself, plated components of lox, cream cheese, sliced onion, tomato (sometimes cucumber), lettuce and olives. Aside from substituting an onion bagel for plain, it's hard to improve on.

Muffuletta: New Orleans' great sandwich gift to the world, the muffuletta is made with Italian-style deli meats and cheeses—and the essential ingredient—a chopped olive-giardiniera (pickled vegetables) relish. First the meats and cheeses, then the olive relish are layered on the bottom half of a horizontally sliced round Italian loaf topped with sesame seeds, then the top half of bread is added. The loaf is then quartered. This is one sandwich that develops flavor from standing. (Refrigerate up to a day before serving.) Vary meats and cheeses but don't omit the olive relish.

Peanut butter and jelly: It's not just for kids. Try a triple decker with raisin bread and white bread, and a premium jelly. Or try whole-wheat bread, peanut butter and bacon on the bottom, apple jelly on top.

Roast beef: The classic is thinly sliced and medium rare, piled on French bread with horseradish mayonnaise and crisp lettuce. Vary the spread: mustard and butter. What could be better?

Tuna and chicken salads: Alas, these classics have fallen on hard times. All too often they're little more than tuna or chicken mixed with plain mayonnaise. A good tuna salad has flavor and crunch. Try adding some of the following: chopped green onion, celery, grated carrot, capers, olives, thyme or tarragon. A chicken salad benefits

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The chicken breast fillet was added to more menus in 1991 than any other sandwich, according to the *R&I* Menu Census. The one shown here is from Druthers International, Louisville, Ky.

TASTE

Tomorrow's classics: veggie sandwiches and variations on Disney's Handwich.

continued from page 56

from celery and sometimes chopped apples. Try flavoring the mayonnaise with chives, herbs, curry or honey.

NEOCLASSIC SANDWICHES

Seven sandwiches, most of which need no introduction, are on *R&I*'s list of candidates for tomorrow's classics. They've been here for a decade or more, are popular with customers today, and show promise of longevity:

Breakfast sandwich: Egg, cheese and breakfast bacon, sausage or ham on biscuit or English muffin.

Grilled chicken breast fillet: It was the sandwich most added to menus in the 1991 *R&I* Menu Census.

Croissant sandwich: The French never dreamed of what Americans would do once they split the croissant—stuff it with ham, cheese, chicken and turkey, tuna and chicken salads, and more to come.

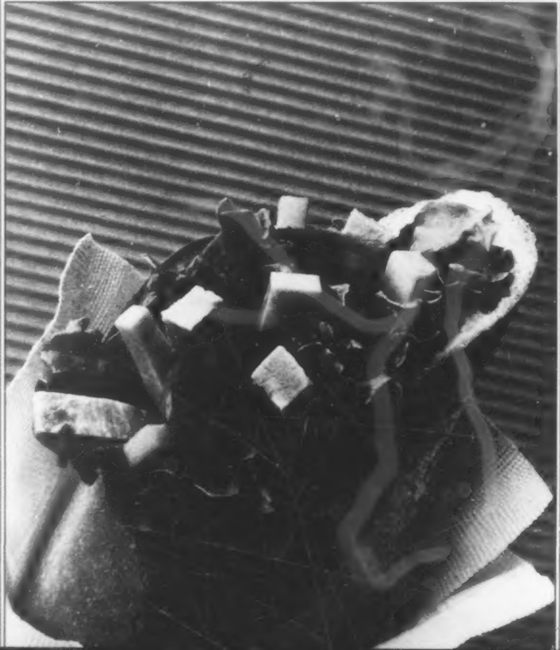
Pita pockets: If it's good for gyros it's good for almost any sandwich filling, especially moist ones.

Grilled fish fillet, plain or breaded: The breaded deep-fried fillet came first; fine-dining developed the grilled fillet, which has now spread to casual restaurants. Fine dining serves it with salsas; fast-food and family-style restaurants with tartar sauce.

Vegetable sandwich: It started in California with sprouts, avocado, Monterey Jack cheese and whole-grain bread. Today's sandwich offers more options: mixed grilled vegetables and a variety of cheeses, served hot or cold.

Torta: We might not recognize the name for this authentic Mexican sandwich, but we never forget a face. It's a hollowed-out, halved oval roll (a *bolillo*) stuffed in Mexico with a variety of meats, beans, cheese and salsas—the hollow roll keeps the stuffings from falling into the diner's lap. In the states, we find several versions by different names. The catchiest is Walt Disney World's Handwich (see photo). We peg this as a real comer.

Recommended reading: *The Complete Book of Sandwiches for the Professional Chef*, by Terence Janerico (CBI Publishing, Boston, 1983); *The Art of the Sandwich*, by Jay Harlow (Chronicle Books, San Francisco, 1990); *The Sandwich Book*, by Judy Gethers (Random House Inc., New York, 1988); *James Beard's American Cookery*, "Sandwiches," by James Beard (Little Brown and Company, Boston, 1972). **R&I**



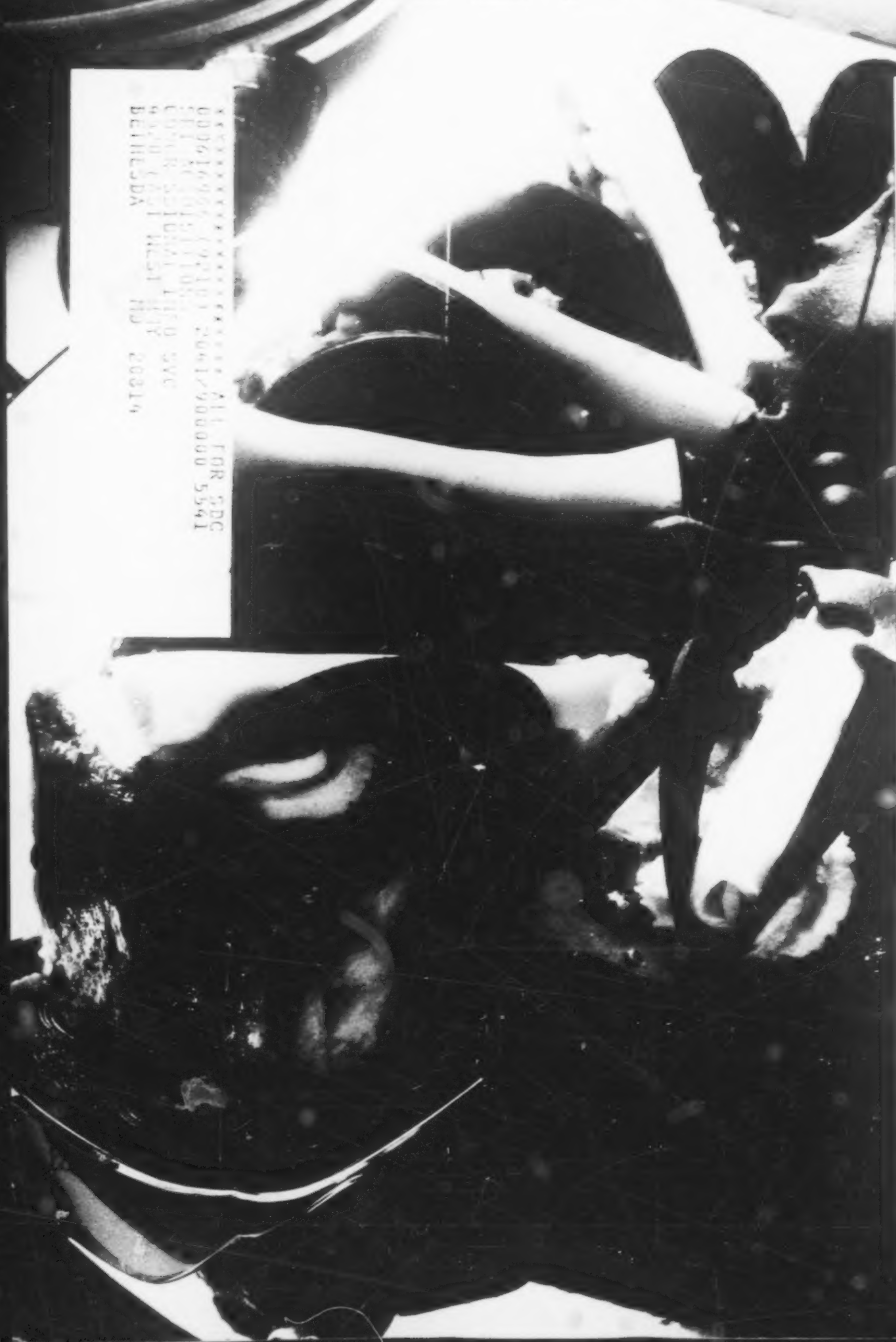
The Handwich from Walt Disney World takes inspiration from the Mexican *torta*, a sandwich made by stuffing beans, meat, cheese, salsa and lettuce into a scooped-out *bolillo* (oval roll).

SANDWICH SPREADS

Between the bread and the filling lies the spread, with two important functions: to act as a moisture barrier and to add flavor. Turning up the flavor on spreads adds value to sandwiches—as long as the flavor is compatible.

- **Butters can be flavored with honey, preserves, fruit, nuts, chives, anchovy, garlic, herbs, spices, horseradish, mustard, pesto, sun-dried tomatoes, olives, cheese.**
- **In addition to tartar sauce, remoulade, Russian and Thousand Island dressing—which are mayonnaise-based—try adding the following to plain mayonnaise: curry, garlic, onion, capers, citrus rind and juice, chutney, tomato, red pepper sauce.**
- **Mustards come in a variety of textures and flavors: salad-style, Dijon, coarse-grain, tarragon, honey, champagne, Creole, Chinese, chili (hot red pepper).**
- **In some cases, the spread can double as filling, for example, cream cheese and peanut butter, both of which can have flavor added. To cream cheese, try adding bacon, herbs, onions, and seafood (clams, crabmeat). Peanut butter benefits from honey, bacon, and red pepper.**
- **Guided by the principle of flavor compatibility, any of the following can add taste and texture to hot and cold sandwiches: salsas, pickle relish, chowchow, yogurt sauce, ketchup (regular and spicy), barbecue sauce, guacamole, caponata (Italian olive relish).**

RESTAURANTS & INSTITUTIONS



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R&I's 1991 KITCHEN DESIGN AWARDS

12 TOP CHEFS CREATE CUSTOM HOLIDAY MENUS

Deck Your Holiday Menu ◀ With Chocolate Cake

PLUS:

SPECIAL DESSERTS
BAKING TIPS
ICE MACHINES

NEW AT NAFEM PRODUCTS

More Inside! See Page 4 ▶▶▶

A CAHNERS PUBLICATION

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36 R&I EXCLUSIVE: 1991 FOOD FACILITY DESIGN AWARDS

Innovative ideas that solved unusual operational problems impressed judges in this year's Food Facility Awards Program. A complicated remodeling of a hotel's kitchen took top honors with an award of special distinction. Three cafeterias won awards—a retrofit of an employee servery, an East-meets-West scramble system and an exhibition cooking station. Two production systems, a budget-conscious cook-chill kitchen and a preplated satellite system for a prison also were honored.

99 AN AMERICAN IN MOSCOW

A McDonald's burger in Moscow tastes the same as one purchased in Manhattan. The Pizza Huts there deliver for $10 an order. Our correspondent in Russia tells just what's different—and what's not—about fast food's Russian cousins.

62 NEW HOLIDAY MENUS TO CELEBRATE

R&I asked chefs known for imaginative bills of fare to create a special menu for one of the upcoming holidays—Thanksgiving, Christmas and New Year's Eve—and supply estimated food cost and menu price. Among the chefs' season's greetings are recipes for Citrus Capon Breast, Cold Cranberry Soup and Chocolate Mabuti Cake (ornamented for the holidays on this issue's cover, but good for dessert sales year-round).

109 ICE MACHINES: THE COLD FACTS

The American public loathes lukewarm food and beverages. Hot food must be hot and cold food cold . . . icy cold, in fact. As an operation extends its offerings of salads, desserts and drinks, the need for sufficient supplies of ice to keep them cold increases. Our equipment feature has guidelines for efficient manufacture of ice and charts the approximate ice requirements of various types of operations.

134 THE GRAND FINALE FOR SPECIAL EVENTS

Sweet somethings—holiday pies, tiny version of favorites such as cheesecake, and ethnic specialties— recreate the customer's cherished memories of holiday meals. Our editorial dessert case includes Blueberry Pie with Gingerbread Crust, Black Forest Torte, Kirsch Mousse and Cheesecake Jewels.

R&I DESIGN AWARD

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®R&I REPORT

TAKE NOTE

The May 29, 1991, issue of *R&I* incorrectly identified the first franchisee to sign with the Daddy-O's Express double-drive-thru chain. The licensee's correct name is Richard Einhorn.

In the July 10, 1991, issue, the 400 ranking erroneously listed Hard Rock Cafe's parent company: Hard Rock Cafe America is a privately held corporation.

The 400 ranking also misstated Nordstrom's ownership: The Seattle-based retailer is publicly held.

STATE BUDGET WOES EXPOSE OPERATORS TO COSTLY MANDATES

As state legislators look for revenue raisers to offset budget deficits and to fund social and business development programs, they are exposing restaurateurs to expensive new taxes.

CALIFORNIA LIQUOR TAX UP

Industry-related products such as alcohol have been the most likely targets to raise funds. In California, an increase in the alcohol surtax was enacted on July 15. The tax on beer, still wine and sparkling hard cider is now 20 cents per 128-fluid-ounce gallon; distilled spirits at 100 proof, $3.20; and distilled spirits at greater than 100 proof, $6.60.

The California legislature also increased its sales tax by 1.25%, effective July 15. The move has California restaurateurs concerned about the threat to consumers' disposable income. However, lobbying efforts by the California Restaurant Association helped stem the tide of further damage: The state rejected plans to lower the business-meal deduction to 60% from 80% and hike liquor-license fees by as much as 300%.

FRANCHISE TAX IN TEXAS?

Legislators in Texas are considering various taxes in anticipation of a $5 billion shortfall in revenues. One possiblity, an "All Business Franchise Tax," would levy a tax of $4 per $1,000 on capital and retained earnings. According to Glen Garey, vice president of government affairs for the Texas Restaurant Association, a 30-unit chain based in the state would see its annual franchise tax increase to $70,000 from $16,000.

FLORIDA'S AD TAX

Florida operators are concerned about the potential creation of a tax to pay for tourism advertising. "We think tourism is very important to the state and appropriations should come out of the general revenue fund," says Robert Nelson, manager of government relations for the Florida Restaurant Association. "If the tax is imposed, we want to make sure it is aimed at all businesses that benefit from tourism, including gas stations, beauty salons and drug stores."

ALSO ON THE AGENDA

Other key issues in state legislatures include mandated health care, workers' compensation reform and changes to labor law.

Proposals for some form of mandated health-care legislation are pending in 30 to 40 states. Massachusetts, the first state to pass such legislation, has delayed enactment of its law for at least three years because of state budget constraints. The state restaurant association hopes the holdup will help a business coalition's attempt to repeal the measure.

California lawmakers as well are debating several mandated health-care bills. In addition, the California Medical Association is working to put on the 1992 ballot a referendum that would require businesses to provide health-care coverage for all employees. The plan could cost businesses as much as $4,800 per employee per year.

In Colorado, however, the restaurant community achieved a victory this year by passing workers' compensation reforms. The package led to the cancellation of a 38% increase in rates paid by employers. Reforms include the creation of "firm" definitions for "permanent total disability" and "maximum medical improvement." The state also placed limitations on chiropractic care, tightened hearing requirements, created penalties for frivolous lawsuits and limited the benefits for stress claims.

On the labor-reform front, New York lawmakers voted to cut the hours of 16- and 17-year-olds to no more than 28 hours a week during the school year, down from 48 hours. Starting Sept. 1, 1991, employees under age 18 also are prohibited from working past midnight on any night preceding a school day unless approval is granted by parents and the employee's school confirms that the minor's grades are acceptable. (The previous curfew was midnight with no approval required.)

—Jeff Weinstein

TOP 10 STATE ISSUES

Potential state legislation concerning health benefits and wage-related issues are among those foodservice operators have been watching closest in 1991.

1. Mandated health benefits
2. Wages, tip credit
3. Workers' compensation
4. Payroll-related taxes
5. Food sales tax
6. Parental leave
7. Sanitation/inspection
8. Recycling/biodegradable containers
9. Employment of minors
10. Foodborne illness

Source: National Restaurant Association

ACTION EXPRESS

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***R&I* Focus**: "Chains," p. 104, Joanne Levine.

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14 R&I EXCLUSIVE: CASHING IN ON CATERING

Catering is on a roll—virtually everyone is doing it. Institutional and commercial operations, even fast-food units, are customizing services for special functions. Further efficiencies in purchasing and facility use—plus extra sales—are adding profits to a moving bottom line. Segment by segment, our Exclusive examines industry strategies to discover the how-tos of reaping catering's rewards.

39 INDEPENDENTS COME TO DEPEND ON CATERING DOLLARS

Menus, mobility, manpower and merchandising—independent restaurateurs share how these variables set catering ventures apart from day-to-day operation. Also addressed: the increase in drop-off catering and the importance of [illegible]tecting your operation from liab[illegible]

26 HOTELS RUN THE WHOLE SHOW

Through the years, hotels have had a pretty firm grasp on the catering business. In fact, leaders in this segment report catering accounts for 45% or more of food and beverage sales. Now that more players are competing for available business, hotel caterers are using their experience to offer clients start-to-finish service and are moving off premises for a variety of special events.

75 CATERING IS AN IMPORTANT NEW CAMPUS CAPER

College administrators often judge a foodservice department by the quality of its catering program, whether it breaks even or generates extra revenue. The University of California at San Diego and the College of DuPage, Glen Ellyn, Ill., have seen catering business grow well over six figures. Their success is based on three profitable ideas—service, service, service.

83 HOSPITAL CATERING EASES BUDGET PANGS

When hospitals today hold budget meetings, the typical foodservice operation contributes more than the coffee and doughnuts. Many have found new dollars as well as positive public relations by offering catering programs. Southwest General Hospital, Cleveland, is one example.

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R&I EXCLUSIVE

CATERING

CASHING IN ON CATERING

Operators across the industry position themselves to succeed and grow with a range of enterprising services.

Day by day, the foodservice market grows more crowded. Adding new units becomes more difficult. And the ability to squeeze every last dollar from existing operations grows more critical to the success of foodservice companies.

Across the industry, companies in search of added efficiency and incremental sales are turning to catering programs for help. And most are finding success. Sixty percent of those who offer catering say the business has grown dramatically over the past five years, according to a poll conducted in August by the Cahners Bureau of Foodservice Research.

Certainly, the recent recession has had an impact on the catering business. Since the downturn, operators report that customers are trading down and ordering closer to the event date. Clients are more apt to shop around for the best prices and service. And sales are harder to close.

Still, with innovative products and services, operators from all foodservice segments are finding new catering markets to tap. And some traditional lines of business—such as social catering—are proving surprisingly resilient. This year, the National Restaurant Association predicts sales by social caterers will rise more th~~an 8%,~~ almost three points higher than the industry as a whole.

BOX LUNCHES

The line between catering and delivery is blurring. A more frugal class of customers has prompted many operators to develop box lunches and cold platters that require limited or, in some cases, no service beyond drop-off.

At Cornell University, Ithaca, N.Y., catering sales have increased 15% in real terms, to about $750,000, over the past year.

continued on page 18

RESTAURANTS & INSTITUTIONS

Social catering, which is expected to grow more than 8% this year, ranks among the industry's fastest-growing segments.

French's
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CATERING

Recessionary catering: Clients shop for price, trade down on menus, limit service.

continued from page 14

A major fund-raising drive has increased the number of alumni events on campus, boosting the catering business, while the school's foodservice department has launched a new drop-off platter program called "Frugal Caterer," which can accommodate customers with as little as $5 per person to spend.

"It's sort of a dichotomy," says Peg Lacey, director of dining services. "On one hand, we've got additional business coming in from the office of development and alumni affairs. On the other hand, there are many campus groups that we've done business with before that literally needed a different kind of service because they could not afford to have a waiter/waitress sit-down meal for some events."

"Because of the challenges higher education is facing right now, combined with the economy, I see continuing opportunities in the budget-platter area," she says.

At Creative Gourmets, a Boston-based catering operation owned by Trumbull, Conn.-based Gardner Merchant Food Services (formerly Trusthouse Forte), sales of midscale lunch bags, lunch boxes and party platters are taking off, especially to corporate clients that before the recession would have sponsored full-service functions.

Stephen Elmont, president of Creative Gourmets, predicts a sales increase of 15% to 20% for his Foods To Go program this year.

CATERING CLIMBS

Almost 60% of those who offer catering say business has increased dramatically since 1986.

(% of operators reporting significantly more catering over the last five years)

Total	**58%**
Commercial	**56**
Institutional	**61**

Source: Cahners Bureau of Foodservice Research

"We see a lot of people trading down from what would normally be a served function, a classic catering event," he says. "They use the Foods To Go as a trade-down. That's one of the reasons our sales are increasing."

The meals typically range in price from about $6.50 per person for a lunch bag containing a tuna-salad sandwich, chips and a piece of fruit to $12.95 for a Shrimp Mediterranean lunch box. Food costs as a percent of sales run in the low to mid-20s.

Elmont forecasts a 35% rise in his company's catering revenues for 1991, part of which will come from a midscale wedding facility the company recently purchased in Boston.

Like their more traditional counterparts in catering, many fast-food chains are well-positioned to exploit their economies of scale in the low-service, price-driven volume box-lunch business. Even chain operators who don't typically offer home delivery are cashing in on budget catering. Most concentrate on company picnics and kids birthday parties, but others compete for even higher-volume business.

In Guaynabo, Puerto Rico, Radames Matos, who franchises 18 Golden Skillet restaurants from International Dairy Queen, often bids for large government catering jobs.

He regularly supplies the National Guard and various youth programs with meals. For an event a few years ago, he prepared, delivered and served 32,000 box meals consisting of bone-in chicken, corn, biscuits, fruit salad and mashed potatoes.

Matos' restaurants close at 11 p.m., and he often works through the night, enlisting the help of all 18 of his restaurants, to prepare big orders.

The hot meals are packed 32 to a carton in insulated cases and delivered in trucks that are either borrowed from the government or rented.

Systemwide, fewer than half of Golden Skillet restaurants offer catering services, says IDQ Executive Vice President Ed Watson. But units that do typically derive 3% to 6% of their revenue from catering, and those figures are on the rise. "I think consumption of anything away from home . . . these things are ever so much more popular than they were four or five years ago," he says.

MOBILE KITCHENS

Taking food to customers might not be regarded as revolutionary, but taking the kitchen to them is another matter.

Mobile kitchens have attracted much attention from operators who look upon them as portable a la carte restaurants. Today, however, the units are also gaining favor as catering kitchens.

ROC Management, a Godfather's Pizza franchisee based in Arnolds Park, Iowa, caters company picnics and other large functions using three mobile kitchens converted from horse trailers. At a Hormel company picnic last year, two trucks served 1,044 pizzas and 7,500 soft drinks to more than 9,000 attendees. "Aside from the tremendous promotion potential, these units can do more business than we can do in our stores even in a good week," says spokesman Russell Oechslin.

In Rochester, N.Y., restaurateur Lorraine Serpe bought a 65-foot trailer last year and spent more than $220,000 to convert it to a fully loaded mobile kitchen.

For a minimum fee of $5,000 a day, Lorraine's Coastal Catering truck follows music stars from city to city, feeding an average of 100 band and crew members per meal.

The truck sleeps seven, and Serpe says she usually brings a crew of five. She draws on her restaurant staff, paying each $100 a day on the road.

"There's a lot of caterers who don't want to do this because it's a 20-hour day," says Serpe. "But the money is terrific.

"Once promoters know who you are and they know the service, they'll pay for it. Maybe I'm a few dollars extra,

continued on page 20

Kitchen space often determines whether large-scale catering is viable.

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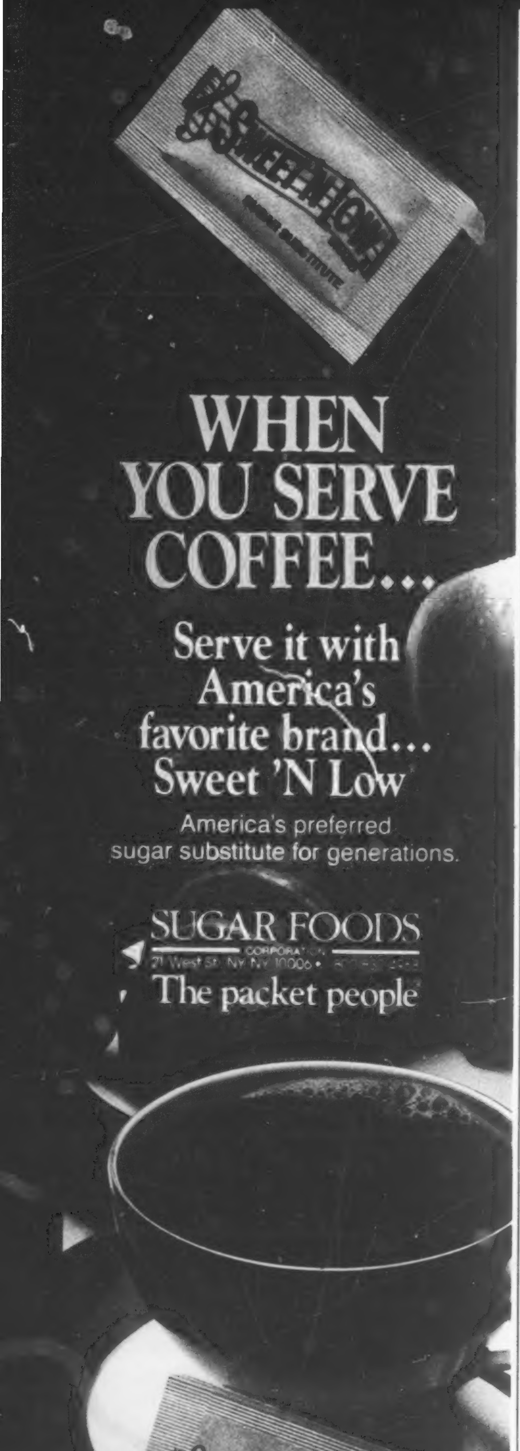
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CATERING

Resourceful caterers scale services to accommodate their clients' needs.

continued from page 19

but to assure the promoters that they don't have to worry about anything, they'll go for it. They have to deal with people who won't go on stage unless they get what they want."

Serpe, who in her first month as a mobile caterer booked more than 20 days of work, says she hopes to branch out to provide foodservice on location for movies.

NOT FOR EVERYONE

Catering's rewards can be great. Food costs for catered events often are more than 10 percentage points lower than those for a la carte service. And the added sales from catering represent higher-profit dollars for many operations. Catering on a large scale helps create efficiencies in purchasing. When done well, it is a top promotional tool, and it can even help organizations like colleges and hospitals retain employees.

But catering is not for everyone. It requires extra labor. Operators must account for oft-overlooked costs, including higher utility bills and marketing charges. For off-premises events, food safety is more difficult to ensure, and some operators might require extra liability insurance. It calls for special packaging or holding and delivery equipment (see Catering Equipment article in this issue). Foods must travel well, and operators must have adequate space in their kitchens.

CATERING CUM LAUDE

Fully 90% of colleges say they cater, the highest incidence of any foodservice segment.

(% of operations offering catering)

Commercial total	**45%**
Hotels/motels	55
Full-service restaurants	40
Fast food restaurants	40
Institutional total	**58%**
Colleges	90
Hospitals	50
Employee feeding	50
Schools	40

Source: Cahners Bureau of Foodservice Research

At the 38-seat Bistro at Maison de Ville, New Orleans, Executive Chef John Neal says he feels obligated to provide catering for guests of the hotel, but in general, he tries to avoid it. "I could do more catering—it's just too disruptive for the restaurant itself. I've got a kitchen here that will accommodate three cooks and a dishwasher, and if I have to prep a lot of hors d'oeuvres and other items while they're trying to set up their stations for the service, sometimes it can just be maddening."

Rick Chu, vice president of Ware, Mass.-based Debbie Wong Restaurants, says the five-unit chain does a substantial banquet business: At the restaurant he personally oversees, banquets account for about 15% of sales. Takeout also is a big business, but Chu does very little off-premises catering. "Chinese food is always best when it's freshly prepared. That's why we don't do much catering," he says.

INCREASED COMPETITION

Even for those who have the right products and capabilities to provide top-notch catering, the business is pressure-packed.

For example, the hotels and banquet halls that once had a lock on the upscale market now face competition from operators renting from museums, art galleries and other exciting spaces.

The Monterey Bay Aquarium in California, whose foodservice outlets are run by Marriott Management Services, books events 270 nights a year.

From a low of about $25 per person to more than $40 per person, customers can dine surrounded by the exotic seascapes of the aquarium.

Catering accounts for half the account's annual food and beverage sales, more than double the percentage just five years ago.

For each event, the aquarium receives a rental fee and Marriott collects the food and beverage revenues. Such client-contractor synergies are fueling a boom in catering within the contract segment.

"Because of the economy, everybody is being extremely competitive," says Elmont. Clients today are more likely to ask operators to bid for catering business, "which never used to happen," he says. At the same time, the trend toward comparison shopping means caterers are serving more sample meals to potential customers—frequently to large committees—while making fewer actual sales. As a result, operators face a dilemma: How to offset the often high cost of tastings without chasing away business. After all, sample meals are regarded as an important tool for promoting a company's food and service.

Heightened cost pressures make the decision easier: A growing number of operators require a deposit from clients before holding free tastings. Others agree to bill customers at wholesale rates if they get the job and at full retail if they don't.

NEW MARKETS

But competition is nothing new to the foodservice industry, and like Serpe, entrepreneurial operators from all corners of the industry are discovering new catering markets.

In Fargo, N.D., restaurant operator Peter Haug adds an extra $250,000 to his top line each year by preparing in-flight meals for United Airlines. The airline guarantees him a 12% profit.

Haug's crew prepares the meals to airline specs in the kitchen of his Barnstormer restaurant at Hector International Airport.

In spring, American Airlines also will begin flying into Hector. "We should be doing two flights a day for them too," says Haug.

While many operators are reaping the benefits of catering programs, perhaps nowhere does the cash from new opportunities find better use than at the nation's hard-pressed public schools.

At the Detroit Public Schools, administrators plan to use existing capacity in their base kitchens to supply meals to local private schools.

Henrietta Moore, director of foodservice, says she believes the new catering program will generate revenue for upgrading the school system's cash registers and other hardware, boost its buying power, and allow it to add more fresh produce to its menus.

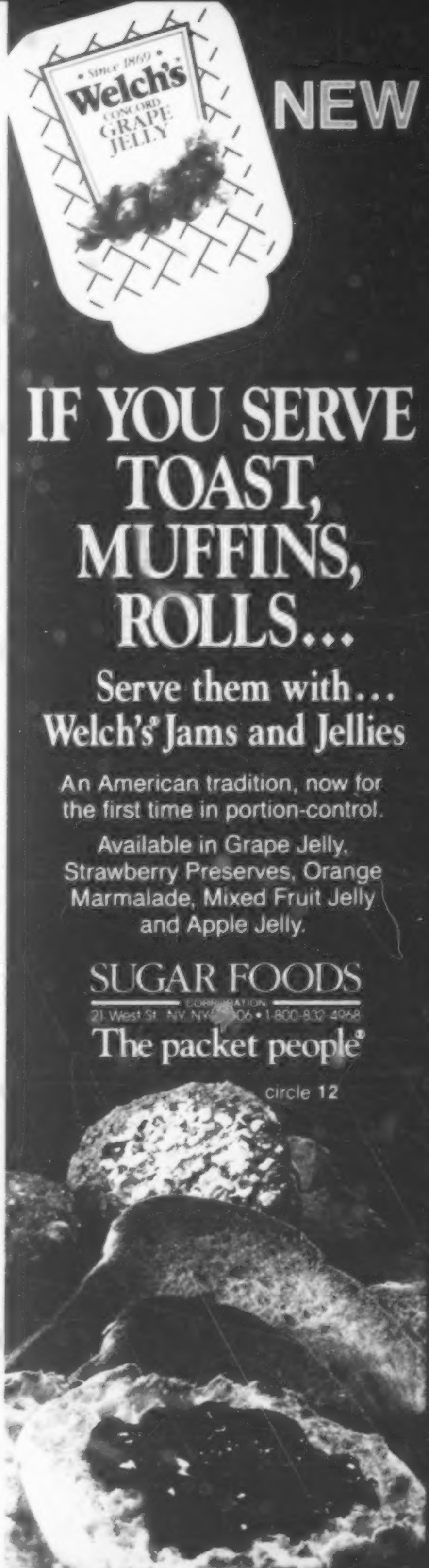
"It's a natural extension of our satellite program," says Moore. "It's something that we've had inquiries about for the last couple years."

Detroit has 20 base kitchens, each of which currently serves eight to 10 schools.

"We're prepared to deliver the food and the service," Moore says.

—Rajan Chaudhry

Easy-to-serve platters are among the most popular items with price-conscious consumers.



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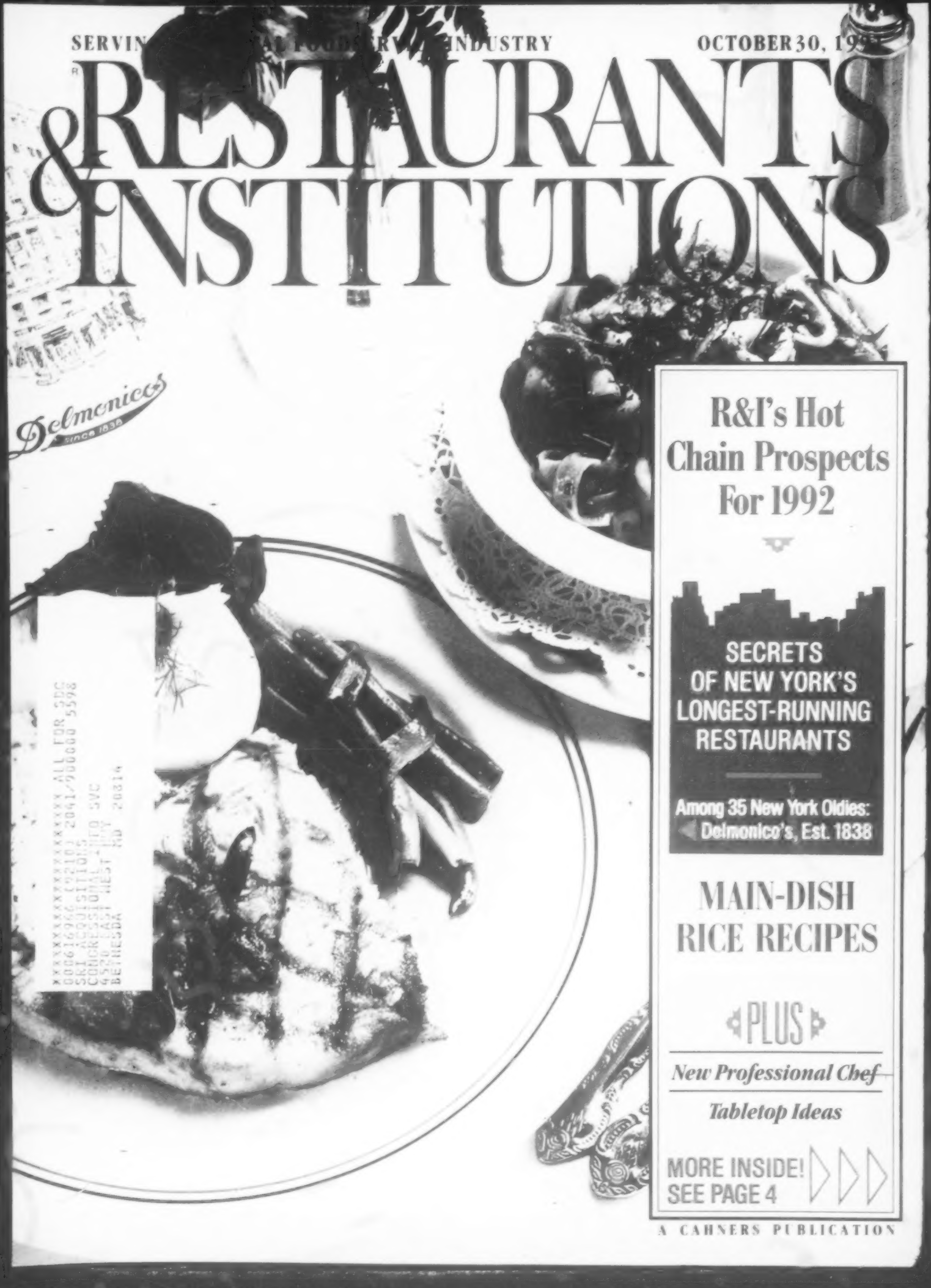

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R&I's Hot Chain Prospects For 1992

SECRETS OF NEW YORK'S LONGEST-RUNNING RESTAURANTS

Among 35 New York Oldies:
Delmonico's, Est. 1838

MAIN-DISH RICE RECIPES

PLUS

New Professional Chef

Tableop Ideas

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OCT. 30, 1991

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38 R&I EXCLUSIVE: NEW CHAINS TO WATCH IN 1992

R&I's 1991 Hot Prospect concepts cover the map of hot menu niches: from Portland, Ore., where Macheezmo Mouse is moving its "Fresh—Fit—Fast" Mexican food, to Sayreville, N.J., where Roli Boli is rolling out made-to-order, calzone-type sandwiches. Most have found a product or service—skinless chicken, Oriental delivery, healthful options—to appeal to customers the established fast-food chains aren't reaching. Our profiles include menu descriptions, growth strategies and franchise information.

68 NEW YORK CITY'S VENERABLE EMPORIUMS OF VICTUALS

It's remarkable in this day and age that there are 35 restaurants in New York City that are more than 50 years old. Fraunces Tavern served our founding fathers, and P.J. Clarke's has dispensed drink and stews since 1890. Delmonico's has pampered celebrities, including Diamond Jim Brady, Lillian Russell and Mark Twain, since the turn of the century. Is there a secret to their long lives? Traditional food, value, history, ambience or location? Taste offers some clues. (On the cover: Swordfish steak niçoise, pasta calamari and other seafood dishes amiably share menu space with the steak that made Delmonico's a legend.)

89 TABLETOP TRENDS: FASHION PLATES AND BIG, BIG BOWLS

Out-of-the-ordinary dinnerware is on the table for discussion. Oversize plates and deep bowls for pasta and salads add style to tabletops, while angular-shaped and black plates provide a stage for dramatic desserts and eye-catching entrees.

96 RICE IS ESPECIALLY NICE IN ENTREES

More rice dishes are showing up among entree offerings. And thanks to the growing availability of domestic rices that can be substituted for higher-priced imported aromatics, these entrees are likely to carry ethnic flavors. Our food feature offers recipes for hearty rice dishes, including Greek Rice and Rice Enchiladas.

HOTEL INDUSTRY EXPECTED TO REBOUND BY '93

The overbuilt hotel industry will begin pulling out of its nose dive by 1993, according to forecasts by New York-based accounting firm Coopers & Lybrand.

The company makes the predictions in the first volume of its new quarterly lodging journal, *Hospitality Directions*, which paints a sobering picture of the industry.

Over the last several years, growth in the supply of hotel rooms has exceeded demand, which has put pressure on both occupancy and room rates.

While room rates have lagged behind inflation, interest costs have soared, as debt from the build-and-buy binge of the last decade has piled up.

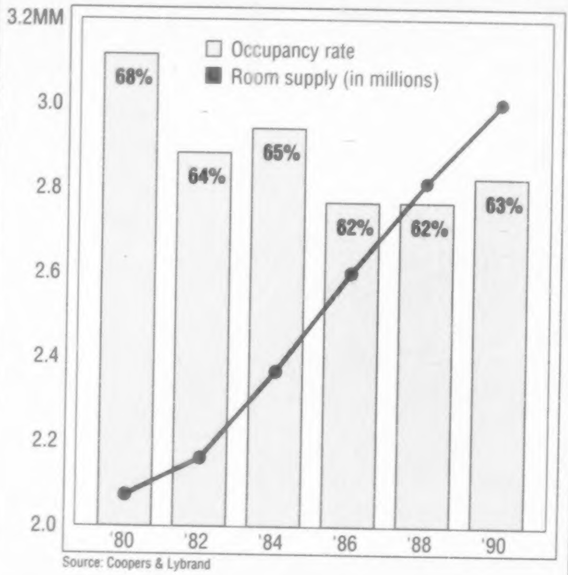
WIDESPREAD LOSSES

The cost of servicing and restructuring debt coupled with low occupancy rates and an inability to raise room prices is fueling widespread losses. Sixty percent of hotels posted net losses in 1990.

The near-term outlook for the industry also is generally poor: Both business travel and the ecomony continue to be soft; lodging demand tends to trail improvements in the overall economy by two to six months; and the number of delinquent hotel loans and foreclosures continues to climb.

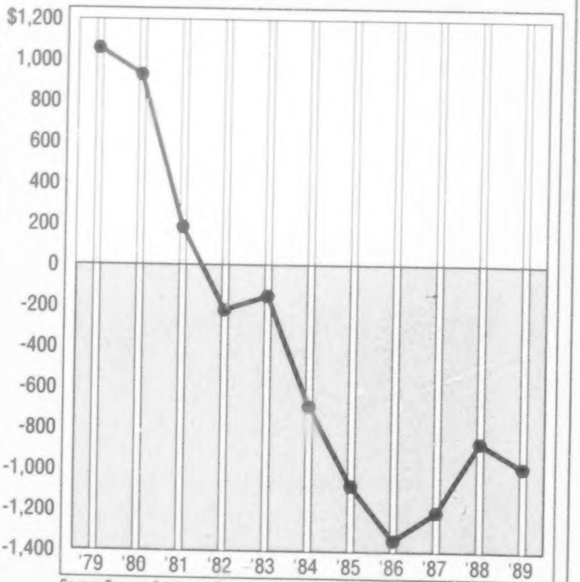
Almost 20% of hotels are at extreme risk of failure, having occupancy rates below 50%. A disproportionate number of them are units of upper-midscale chains.

ROOM SUPPLY OUTSTRIPS DEMAND
(seasonally adjusted occupancy rate vs. no. of hotel rooms)



Source: Coopers & Lybrand

HOTELS POST EIGHT STRAIGHT YEARS OF LOSSES
(annual profit per available room)



Source: Coopers & Lybrand; Bureau of Economic Analysis

So many hotels already have failed that the U.S. government now numbers among the largest owners of hotels in the country. The Resolution Trust Corp., which the federal government established in 1989 to dispose of the assets of failed savings and loan companies, has more than 150 hotels in its portfolio.

On the plus side, healthy hotel companies might find bargains among foreclosed hotels. Management companies might benefit from contracts to operate hotels that lenders have taken back. And lower-end chains are benefiting from the repositioning of failing hotels that switch brands.

SLOWED EXPANSION

The poor profit picture for hotels and the depressed values of real estate have scared off lenders and put the brakes on construction of new properties.

Although the slowdown has forced painful cuts for many companies, it is seen as necessary if the industry is to improve.

Coopers & Lybrand estimates hotel completions will decline to 26,600 rooms in 1993 from 104,400 in 1990. Some lenders also might begin to demolish failed hotels for their land, which should help the industry in the long run.

The accounting firm predicts a rebound in demand and a slowdown in supply growth will boost the occupancy rate to 64% in 1993 from 61% in 1991. This will give operators the flexibility to accelerate room rate increases and thereby improve profits.

—Rajan Chaudhry

R&I EXCLUSIVE

HOT PROSPECTS TARGET HOT MARKETS

These 28 chains take aim at the fastest-growing niches, from casual dining and Italian to skinless chicken and Oriental delivery.

In good times, you can afford to take a flier on the long shot, the sentimental favorite. When money is scarce and the stakes are high, you go looking for a sure thing.

That's the pattern *R&I* found in compiling this year's list of Hot Prospects, chains with extra-good sales or growth potential. Certain menu concepts well-represented on past lists—for example, fast-food hamburgers, sweets or the standard fried chicken—had almost no contenders this year. Instead, many candidates targeted not segments, but menu *niches*, finding a product to appeal to customers not being served by the majors.

Most of these niches have long been identified as areas rich in promise, if only someone could do them right. The competitive times being what they are, it seems more worthwhile than ever to unlock the secret of Oriental delivery or devise a "healthy" format.

Sales figures in the following descriptions are for calendar 1990 unless noted, but unit figures include all stores currently open. *AUV* stands for same-store average unit sales volume. Check average is per-person and all-day, unless otherwise noted. *—The Editors*

RESTAURANTS & INSTITUTIONS

desde 1979
la Salsa
TACOS AL CARBÓN

La Salsa draws a discerning crowd with its gourmet burritos and soft tacos al carbon.

1991 UP-AND-COMERS

BLESS YOUR HEART
BOSTON BEANERY & TAVERN
BUFFALO WILD WINGS AND WECK
CHARLEY'S STEAKERY
CHICKEN A-PEEL
CHOPSTIX
FAZOLI'S
GREEN BURRITO
HARVEST RESTAURANT & BAKERY
HO-LEE-CHOW
HOBEE'S RESTAURANTS
HOMESTYLE BUFFET
HUDSON'S GRILL
JASON'S DELI
JILLIAN'S BILLIARD CLUB & CAFE
JUICY LUCY'S
LA SALSA
MACHEESMO MOUSE
MICHEL'S BAKERY & CAFE
ROLI BOLI
STUFF 'N TURKEY

TESTS AND SPINOFFS

CANTINA DEL RIO
HARDWOOD GRILL
KRYSTAL KWIK
LOVE'S BAR & GRILL
PIZZA KING EXPRESS
RAGAZZI'S —A PLACE FOR PASTA
VITA BELLA

GROWTH CHAINS

continued from page 39

The hottest Mexican chains are marketing themselves as the healthy alternative.

SECOND CONCEPTS GET A SECOND LOOK

Several well-established concepts have identified growth opportunities outside their core markets and now are running test units outside their original lines of business.

The parent company of Golden Corral, Raleigh, N.C., is testing Ragazzi's—A Place for Pasta, its 175-seat entry to the casual Italian dining segment. Located in Jacksonville, S.C., the unit features a menu with standards such as veal Parmesan, manicotti, spaghetti and other pasta dishes. With an average per-person check of $8 to $10, the concept targets middle-income families.

Meanwhile, Columbus, Ohio-based Bob Evans Restaurants will add a Tex-Mex accent, Cantina del Rio, to its 256-unit family-dining chain. Scheduled to open in spring 1992, the 300-seat test might offer items as ambitious as marinated quail and shrimp with jalapeño and cheese, along with the more conventional fajitas. The company expects the unit to see $3 million to $4 million in sales, compared to an AUV of $1.4 million for the typical Bob Evans restaurant.

MEXICAN

HAUTE MEXICAN CHAIN

La Salsa, Los Angeles

Sales, $12 million; units, 22; AUV, $550,000; check average, $5.50.

The La Salsa menu reads, "We don't own a can opener." The phrase epitomizes the 22-unit chain's reputation for serving fresh and authentic Mexican fast food. Restaurant-guide guru Tim Zagat calls La Salsa's fare "Mexican fast food at its very best."

The 16-year-old chain has what owner Howdy Kabrins describes as a cult following in upscale neighborhoods of southern California. Customers favor its soft tacos al carbon, gourmet burritos, skinless chicken and a lavish mild-to-hot salsa bar. Some dine as often as five times a week to eat healthful favorites such as the California burrito, which is filled with black beans, avocado, cheese and a touch of fresh salsa.

Kabrins also doesn't own a "franchises for sale" sign. He says he doesn't have to because potential franchisees are constantly calling him. Their wait might be over—the company is stepping up its growth plans. Six new units, in such areas as Scottsdale, Ariz.; Denver; and Santa Barbara, Calif., will open by early 1992. Shortly thereafter, plans call for selling six-unit territories in the Midwest and New England. The franchise fee is approximately $30,000. The royalty is 5% and the advertising fee is 2%.

THE MOUSE THAT ROARS

Macheezmo Mouse, Portland, Ore.

Sales (fy end 7/2), $7 million; units, 12; AUV, $600,000; check average, $5.55.

Flying the banner "Fresh—Fit—Fast," Macheezmo Mouse is yet another fast-food Mexican chain looking to capitalize on the new breed of diners demanding convenience and healthful food.

Two-thirds of the menu—served to order, usually within four minutes—meets nutrition guidelines for major health organizations, including the American Heart Association. The Mouse posts calorie counts and percentages of calories from fat on its menu.

Menu favorites include a line of burritos made with flour or whole-wheat tortillas. The chicken, vegetarian or Santa Fe-style burritos are stuffed with brown rice, black beans and Monterey Jack cheese. They are topped with "Boss" sauce, salsa and mixed greens. Also popular are the chicken and vegetarian salads, along with the "Famouse #5" vegetarian plate, which consists of brown rice, black beans, Jack cheese, salsa and cilantro.

The 10-year-old chain will add only one unit in 1992 (to open next spring), because management wants to be cautious during what President William Warren considers unstable economic times. However, plans call for four new units in 1993 and 10 to 14 units between 1994 and 1995. The chain will fill in its existing markets in the Northwest and look for focused expansion eastward.

ONE FILLING BURRITO

Green Burrito, Santa Ana, Calif.

Sales, $22.5 million; units, 43; AUV, $500,000; check average, $5.

The Green Burrito fits neatly into the new price/value consumer mind-set. The menu attracts southern Californians who are tired of typical fast-food fare and unwilling to frequent expensive, full-service Mexican restaurants.

Green Burrito does such a good job at filling its niche in the Mexican market that its owners expect it to grow to 60 units from 43 by year's end. Nine of the new units will be company owned. Chief Executive Officer Gary McArthur expects more than 100 franchises to be open by the end of 1992. Long term, McArthur expects to fill in the chain's strong southern California market with 150 to 200 stores. The company also is working on a deal in Saudi Arabia, where a foreign investor wants to build 20 units.

The signature item on the menu is the Big Ed Burrito, weighing more than two pounds and priced at $2.95. A breakfast menu includes huevos rancheros, house-made chorizo, and egg burritos.

Sales for year ended 12/31/90 unless a different fiscal year (fy) is noted; average unit volume (AUV) is for units open at least one year.

RESTAURANTS & INSTITUTIONS

CASUAL DINING

MEALS AND WHEELS

Hudson's Grill, Ventura, Calif.

Sales, $17.8 million; units, 15; AUV, $1.3 million; check average, $7.25.

If your basic comfort-food diner is on one side of the road, and your typical casual restaurant is on the other, then auto-themed Hudson's Grill cruises right down the center white line. The '50s is the decade of choice at Hudson's—but it's the '50s of classic cars and classy streamlined decor, not of quilted-aluminum diners.

And while nostalgia is on the menu, particularly in the burgers and fountain drinks, it makes room for the '90s in the form of sandwiches, salads, appetizers and light entrees. A new 60-item menu rolled out in September has 17 chicken dishes, including spicy Indonesian chicken salad ($5.45), a barbecued chicken breast sandwich ($5.65), and chicken tacos ($5.50).

The chain's parent, American Restaurants, began as a Wendy's franchisee, but recently renamed itself Hudson's Grills of America after selling off its last Wendy's units. HGA quickly announced its first franchise pact outside of California: a deal for 15 units in five years in Texas. Growth beyond the West Coast is expected.

WHERE EVERYBODY KNOWS YOUR MENU

Boston Beanery Restaurant and Tavern, Morgantown, W.Va.

Sales, $3.3 million; units, 4; AUV, $820,000; check average, $12.50.

Tapping both an interest in the neighborhood dining/gathering place and audience affection for TV's "Cheers," Boston Beanery has grown slowly over seven years as founder Mike Forte fine-tuned the menu and design package. But the chain's expansion hopes shift into high gear this year, when it will add six units—two in Virginia, two in Morgantown, and one each in Greenville, S.C., and Uniontown, Pa. Two more units are in the works for next year, and the company hopes to open up to 20 new franchised units in the next five years.

Intentionally simple, the Beanery menu relies on standards: 10 oversized deli sandwiches such as the Reuben and steak and cheese ($2.79 to $4.99), and 14 grilled or broiled chicken and steak sandwiches ($4.49 to $5.79). Also popular is the signature Boston Beanwich, a grilled sandwich of bacon, Cheddar cheese and, yes, baked beans, on whole-wheat bread. Dinner entrees, available after 5 p.m., include broiled swordfish ($10.99) and New York strip steak ($12.99).

Full-service bars also contribute heavily to the bottom line, since the chain targets small-to-medium markets with a customer base of university students and young professionals. The presence of a second profit center means that future Beaneries can occupy floor space ranging anywhere from 2,500 to 4,500 square feet, according to Administrative Vice President Steven Jones, and can be tailored to fit a number of sites—office, strip mall or free-standing. The franchise fee is $20,000; monthly royalties are 5.5%.

ITALIAN

ROOM TO ROME

Fazoli's, Bowling Green, Ky.

Sales, $4 million; units, 14; AUV, $720,000; check average, $3.50.

One hundred twenty restaurants by 1995. That's the goal of Fazoli's President and CEO Kuni Toyoda, and with backing from Osaka, Japan-based conglomerate Duskin Co. Ltd., he's off to a fast start.

Toyoda and Duskin created the Seed Restaurant Group last year to purchase the fledgling Fazoli's fast-food Italian chain from Lexington, Ky.-based Jerrico, which owns the Long John Silver's chain of quick-service seafood shops.

Since the purchase in May 1990, Toyoda has continued to refine the concept. He dropped most of the chain's sub sandwiches because of low demand, while adding items like baked ziti and pasta salad. Among the chain's lowest-priced entrees are pizza at $1.29 a slice and spaghetti with tomato sauce for $1.89. The most popular menu item is a Sampler Platter, consisting of lasagna, fettuccine Alfredo, and spaghetti with meat sauce, for $3.69, he says. Lasagna, at $3.59, is another favorite.

The majority of Fazoli units are clustered in Lexington, Ky., and Orlando, Fla. Beginning this month, Fazoli's plans to begin converting eight Rax units in Indianapolis, a move that should swell the chain to 20 units by the end of 1991, says Toyoda. Another eight to 10 units are on the drawing board for 1992. Thus far, all units but

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Oversized desserts are part of the appeal at Hudson's Grill, but so are more unique offerings such as spicy Indonesian chicken salad and grilled mahi-mahi on a sesame bun.

Unique Italian fast-food concepts offer new niche for chain operators.

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one are company owned; Toyoda says about a third of the system ultimately will be franchised.

Toyoda estimates the cost of building and opening a new Fazoli's at $420,00 to $450,000. Conversions cost considerably less: $150,000 to $250,000. Franchise agreements call for royalties of 4% of sales and advertising contributions totaling 5%.

BOLI SCORECARD: STRIKE!

Roli Boli, Sayreville, N.J.

Sales, $1.5 million; units, 11; AUV, $400,000 to $600,000; check average, $5 to $6.

Tony Felicetta, founder and president of Roli Boli Enterprises, says the inspiration for his unique product—the Boli—came from Italian calzones and stromboli sandwiches. "I always liked them, but they were too doughy and heavy," he says.

Like calzones, Bolis are rolled, closed sandwiches filled with a variety of ingredients. What makes them different is their lighter, French bread crust.

In true niche-marketing fashion, Felicetta has set out to parlay his Bolis into a mall-based chain of restaurants that caters to the health- and calorie-conscious.

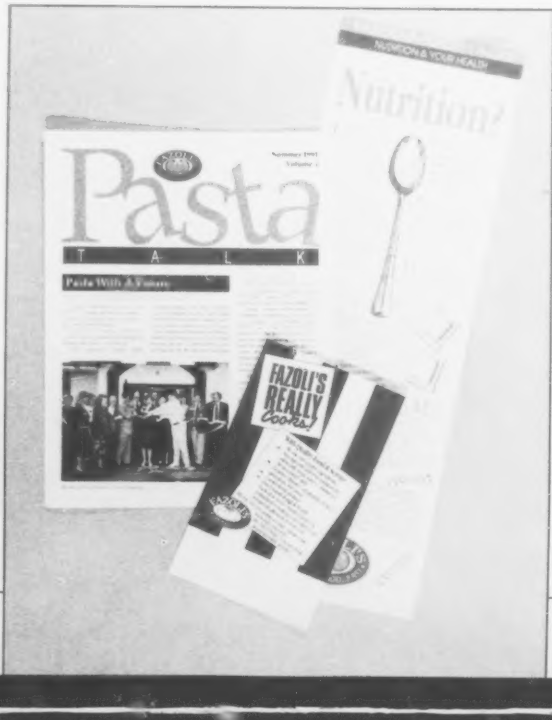
For $3.50 to $5.50, customers can choose from a selection of Bolis on the menu or custom design their own from an array of fresh ingredients at the "Boli Bar." In either case, the Boli is made to order in front of them and cooked in a small conveyer over, dubbed the "Bolitron." The whole process takes about 3 minutes.

Felicetta says that among the most popular standard Bolis is the 317-calorie Veggie Boli, which combines spinach, mushrooms, onions, olives, peppers and mozzarella. It contains less than 6 grams of fat.

Felicetta, who began franchising last year, already has eight franchises open and expects to open one to three more units in 1991. He currently has commitments for 26 new stores, he says. His plans call for developing the East and West coasts first, and then moving inward.

According to Felicetta, the cost of opening a Roli Boli unit runs between $100,000 and $180,000. Food and paper costs average 25% to 26% of sales; labor ranges from 23% to 26%. He charges a $20,000 franchise fee and collects royalties of 5% of sales. Franchisees are obligated to spend 2% of sales on marketing, but to increase awareness of his product, Felicetta encourages them to use the money for sampling.

Fazoli's fast-food Italian concept has strong financial backing, experienced management and consumer dining trends in its favor.



SANDWICHES

COLUMBUS DISCOVERS PHILLY

Charley's Steakery, Columbus, Ohio

Sales, $1.8 million; units, 5; AUV, $350,000; check average, $4.75.

In 1990, Charley's Steakery's version of a Philadelphia cheese steak sandwich, called the Grand Steak (regular, $2.69; large, $4.69), was voted the best in Columbus by *Pigging Out Columbus*, food and management consultant Carl Japikse's guide to the "111 best restaurants" in Ohio. The chain was founded in 1986 by Charley Shin, then a 22-year-old junior at Ohio State University.

Shin began to offer franchises last August, requiring $15,000 licensing fees, 4% royalties and 1% advertising fees. The price, he says, is well below that of competitors, and is part of the attraction for the concept.

The restaurants offer grilled sirloin steak, chicken, ham and turkey topped with a variety of vegetables and cheeses prepared in front of customers. Hand-cut fries cooked in peanut oil (regular size, 99 cents; large, $1.29; jumbo, $2.49) and freshly squeezed lemonade (99 cents) highlight the menu. Shin hopes to have 300 units open within five years. Five are scheduled by March of 1992.

THE LURE OF CAFE SOCIETY

Michel's Bakery & Cafe, Oak Brook, Ill.

Sales, $1.1 million; units, 3; AUV, $350,000 to $500,000; check average, $4.50.

Michel's Bakery & Cafe is the result of an evolution. "The customer in the food court is not an impulse buyer," says Michael Simpson, president and CEO. "The day of a single-item store in mall food courts is on the way out." Instead, he says, customers—and mall developers—are looking for variety from a single location.

For that reason, breakfast and lunch croissant sandwiches ($3.39 to $3.69), croissant pizzas ($2.39 to $2.69), soups and an upscale salad bar (23 cents an

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Sales for year ended 12/31/90 unless a different fiscal year (fy) is noted; average unit volume (AUV) is for units open at least one year.

Sandwich chains pair offerings with soup or salad to make a winning combination.

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ounce) are part of Michel's menu, complementing the cookies and baked goods. The menu provides a mix of full meals and snacks to attract all-day business, according to Simpson.

The chain's parent company, Cookie Factory of America, which operated The Cookie Factory and The Cookie Factory Bakery (30 units total), developed into Americookie Inc. to comprise the chain's newest and driving concept. Some of the Cookie Factory Bakeries might be converted to Michel's, according to Simpson.

Growth will come through franchising, according to Simpson, with fees of $25,000, a 5% royalty and a 0.5% advertising fee. The total start-up cost is about $180,000, only one-third of that in cash or equity.

THE BEST LITTLE DELI IN DALLAS

Jason's Deli, Beaumont, Texas

Sales, $15 million; units, 20; AUV, $1.2 million; check average, $5.

When one thinks Texas, one thinks barbecue. But the proprietors of Jason's Deli are getting Texans to think corned beef on rye and turkey and pastrami on an onion roll. "We're a modified New York deli," says Steve Simmons, vice president of franchising. "We've got a few things on the menu you won't find in any traditional New York deli." A New Orleans muffuletta ($8.50, serves two people) and the Deli Cowboy ($4.95), smoked beef brisket topped with longhorn Cheddar, onions and barbecue sauce, are two examples of Southern influence on the menu.

The chain, with units in many major Texas cities and a few in Arizona, plans to open at least two more units by the end of the year and has only begun actively franchising in the last year. Sights are set for development in the South, from the Atlantic to Arizona.

ORIENTAL

WOK 'N' ROLL: CHINESE DELIVERS

Ho-Lee-Chow, Ann Arbor, Mich.

Units, 3 (none open more than a year).

The "last fast-food frontier" is how Tom Burnham, president of HLC America, describes Chinese delivery. The former executive vice president of Domino's Pizza International hopes to ride the swell of interest in convenience and Oriental foods to the top of

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bakery
& cafe

Michel's Bakery & Cafe evolved because customers and mall developers are looking for more than a single-item concept in the food court.

SPECIALTY CHAINS GET CASUAL

With its broad menus and equally broad demographics, the casual-dining segment has attracted several chains now known for other concepts.

Consolidated Products, Indianapolis, parent of the 117-unit Steak 'n Shake chain and several specialty restaurants, has opened the first in a concept it calls Hardwood Grill. Fare at the 180-seat Indianapolis test unit ranges from barbecued ribs, fajitas and wood-grilled fish to gourmet pizzas, hand-cut french fries and desserts baked in-store. Plans are to convert other Consolidated restaurants to Hardwood Grills before building new stores.

Love's Barbecue, Laguna Hills, Calif., is now testing Love's Bar & Grill in Huntington Beach, Calif. The pilot supplements Love's ribs menu with pizza, pasta, chili, broiled fish, lamb chops, a full bar and an extensive appetizer menu suitable for grazing. At $11 per person, the average check is comparable to Love's conventional stores. But the company expects sales volume to be higher—between $1.6 million and $2 million, compared to $1.2 million at Love's Barbecue.

Sales for year ended 12/31/90 unless a different fiscal year (fy) is noted; average unit volume (AUV) is for units open at least one year.

GROWTH CHAINS

New Oriental-theme operations tout fresh and healthful fare, takeout and delivery services.

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the segment.

Last year, Burnham licensed the Ho-Lee-Chow trademark and the recipe book for the concept from Toronto entrepreneur Eric Johnson, who founded it in Canada two years ago. (There are 24 units in Canada.) HLC America has obtained the franchise rights for the United States, Mexico, Israel and the United Kingdom.

In April, Burnham started his franchising push. By year-end, he plans to have five company stores and one franchise open.

To execute his ambitious plan, Burnham has assembled a team of 20 managers—18 formerly of Domino's. And with development agreements signed for Chicago; Indianapolis; Dallas; parts of Virginia; Mexico City; Tel Aviv, Israel; and the United Kingdom, his team seems to be on schedule. Most contracts are five- or 10-store area agreements.

As at Domino's, Ho-Lee-Chow units prepare food to order. Delivery areas are limited to 18,000 households, translating to an eight- to 10-minute drive from the store. "The whole issue is quality control," Burnham says.

Unlike Domino's, Ho-Lee-Chow makes no promise of 30-minute delivery, a deliberate move by Burnham, former general counsel of Domino's, to avoid the lawsuits and bad press that have plagued the pizza chain. Delivery times run about 22 minutes, he says, and he credits the speed to relatively fast preparation time—about two minutes for Chinese vs. about seven minutes for pizza.

Of 15 to 18 units currently in the works, Burnham says two-thirds will be franchised. He says he is committed to opening a mix of company-owned and franchised stores. Ho-Lee-Chow plans to cluster units by areas of dominant influence for marketing efficiency.

The total cost of opening a restaurant runs $170,000 to $230,000, he says. Franchise fees are $25,000 and royalties, 7% of sales. The contract calls for a 4% advertising fee, which HLC is currently waiving to allow franchisees to fund local-store marketing programs.

Ho-Lee-Chow's menu is broad, with about 215 items in total. Prices for individual items range from $1 for an egg roll—one of the top sellers—to $13.45 for Chinese shrimp pizza, one of the menu's late-dinner selections. The menu trumpets the food's lack of monosodium glutamate and other artificial flavor enhancers as well as its environmentally friendly packaging.

In addition, Burnham has outfitted units with the latest support technology, including a one-call-shopping 800-number ordering system for supplies, and new computer system that combines POS, marketing, accounting and inventory control functions.

Former Domino's executive Tom Burnham hopes to open 320 Ho-Lee-Chow takeout and delivery units by 1996.

Ho-Lee-Chow
Ho-Lee-Chow

THAI HIGH CHICKEN

Chopstix, Los Angeles

Sales, $5 million; units, 5; AUV, $1.5 million to $1.8 million; check average, $7.50.

"Fun, Healthy and Quick" is the message Chopstix cafes wants its trendy California clientele to take home with them.

Over the past year, the upscale chain has added two new restaurants, in Encino and in Malibu. It has another three restaurants under development, in Long Beach, in San Diego and at Caesar's Palace in Las Vegas. All of the chain's restaurants are company owned, and it plans to have the three new restaurants open in 1992, says Edward de Limburg, vice president of operations for parent company Chopstix International II.

Backed by three private investors, including President Frank Monteleone Jr., the company purchased the start-up chain almost two years ago. It has spent much of that time retrenching. "It was in pretty poor shape," says de Limburg.

The new owners even closed one restaurant in Redondo Beach. "It was not a good location. Five restaurants had been in there previously, and none of them had made it," he says.

Now Chopstix is back on track for growth, says de Limburg.

One area the new owners haven't tinkered with too much is the concept's upbeat Thai- and Chinese-influenced menu, developed by Hugh Carpenter, the chain's former executive chef. However, they are testing an upgraded dinner menu at their newest restaurant in Malibu, where they felt they needed a more sophisticated offering.

A best seller on the core menu, which comprises about 30 food items, is southern California pot stickers, pan-fried dumplings stuffed with morsels of chicken, water chestnuts and spinach and glazed in orange sauce. A serving of five pot stickers is priced at $4.25. Another popular item is the Chopstix shredded chicken salad, a medley of shredded chicken, lettuce, slivered almonds, crispy won tons and rice sticks tossed in tangy red ginger dressing. A serving runs about $5.50.

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Sales for year ended 12/31/90 unless a different fiscal year (fy) is noted; average unit volume (AUV) is for units open at least one year.

GROWTH CHAINS

BIG HOPES FROM SMALL UNITS

Small units with limited menus and stripped-down service still look good in foodservice, where franchisees' finances often are as squeezed as customers' time.

Family-owned Krystal, Chattanooga, Tenn., began franchising for the first time last year with its Krystal Kwik double-drive-thru. The burger chain now has 15 licensed and 11 company-owned Kwiks open in five states.

Dayton, Ohio-based Cassano's Pizza & Subs has revamped a hometown unit into a Pizza King Express drive-thru outlet, serving three types of 6-inch pan pizza with a three-minute guarantee.

Fast burger-specialist Central Park USA now has two units in test in its Vita Bella drive-thru Italian concept. Located near the chain's Chattanooga home, the stores sell spaghetti in single servings (99 cents) or family-size buckets ($4.49), along with two kinds of 6-inch pizza (cheese, 79 cents; pepperoni, 99 cents). The company plans two more tests before deciding on Vita Bella's franchising potential.

Chicken chains are going strong—customers want it grilled, fried and roasted on the spit.

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Chopstix restaurants average 2,600 to 3,000 square feet and 120 seats. About 40% of business is done during lunch; the remaining 60% at dinner. Between 27% and 33% of sales come from takeout and delivery, offered by all restaurants, says de Limburg.

POULTRY

AN A-PEELING PROPOSITION

Chicken A-Peel, St. Louis

Sales (fy end 6/30), $5 million; units, 12; AUV, $400,000; check average, $4.50.

A secret recipe made the Colonel famous, and it might just work again for 12-unit Chicken A-Peel. Folks love fried chicken, but eating the skin doesn't appeal to today's health-conscious consumer. So Chicken A-Peel founder Al Genovese developed a skinless fried-chicken recipe back in 1986, and is ready to take the concept national.

"By the year 2000, I don't think there will be much skin-on chicken available in the market," says Genovese. The concept's star product is made with a double marination process that adheres special-recipe breading to the chicken through the vegetable-oil frying process. Prices range from $3.39 for a two-piece dinner, including two side orders and biscuits, to $16.99 for a 16-piece dinner with three side orders.

Breading ingredients are all natural and the chicken is fresh, not frozen. The chain's fried chicken has less than half the calories and 20% less fat than traditional fried chicken, Genovese says. Rotisserie and charbroiled varieties also are available.

Franchisees have already signed area development agreements for 16 more units in St. Louis, 28 units in Detroit and 21 units in San Diego.

LET'S TALK TURKEY

Stuff'n Turkey, Owings Mills, Md.

Sales, $9 million; units, 21; AUV, $500,000; check average, $5.75.

Co-founder Alan Morstein believes his turkey concept has a great future, and apparently, others do, too—Little Caesars Chairman and President Michael Ilitch, for example, opened his Stuff'n Turkey franchise in Detroit's Joe Lewis Arena last year.

The menu offers a vast array of salads ($3.99 to $4.59), sandwiches ($2.99 to $4.99) and hot entrees, such as turkey pot pie ($2.99)—all made with fresh-frozen, extra-heavy, turkey breast meat that is slow cooked and carved on the premises. Two contracted purveyors custom-raise the turkey.

Local bakers, hired in each city

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Chicken A-Peel
Chicken A-Peel

Chicken A-Peel's special breading and marinade let customers have their fried chicken with less fat and fewer calories.

Sales for year ended 12/31/90 unless a different fiscal year (fy) is noted. average unit volume (AUV) is for units open at least one year

GROWTH CHAINS

The most promising "healthy menu" chains combine nutritional savvy with a good dessert menu.

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where units are located, provide homemade par-baked breads that are finished off in house. Varieties, which include rye, marbled rye, sunflower seed, whole-wheat, sourdough and oat bran, are sliced to customers' specifications.

The chain, with units in 13 states, plans to have at least 50 by the end of 1992.

WINGING IT ON CAMPUS

Buffalo Wild Wings and Weck (BW3), Cincinnati

Sales, $5.5 million; units, 8; AUV, $750,000; check average, $4.65 to $5.25. With 10 brands of beer *on tap*, spicy chicken wings ($3.65 for 12), burgers ($1.95 to $3.74), salads, Buffalo Breath chili ($1.85), sides and sandwiches on the signature weck (kaiser roll with rock salt and caraway seeds baked in on top, $2.29 to $4.24), BW3 is a college student's dream. Most of the units are located on or near campuses, including Indiana University, Ohio State and the University of Cincinnati. Now, after nine years in business, the chain is ready to franchise—with college communities as the target market.

With no advertising aside from table tents set out in the last three months, BW3 already has had 150 franchise inquiries and expects to have at least five to eight new units by the end of 1992. The fee is $19,500 for a full-service concept. "We want to take it slowly this first year," says Jim Disbrow, president. "We are in the very competitive middle market, somewhere between McDonald's and Bennigan's, but we know our customers and they love the concept."

'HEALTHY MENU'

THE SUN SHINES ON HARVEST

Harvest Restaurant & Bakery, Englewood, Colo.

Sales, $5.7 million; units, 7; AUV, NA; check average, $6.25.

Eleven-year-old Harvest aims its healthful-food menu at sophisticated baby-boomers who want distinctive taste while they watch their nutrition. Having opened three sit-down units and three express counters in its home state, Randy Pike, Harvest's president and a former Mr. Steak chairman, plans a strong drive into markets west, especially (where else?) California.

Harvest's menu consists of 53 entrees, side dishes, desserts and breakfast items prepared with an eye to both nutrition and flavor. About half the entrees are meatless dishes, for example, cheese and mushroom manicotti, broccoli walnut casserole in herbal cream sauce, and Tokyo Tofu spaghetti, made with wok-fried vegetables, tofu and eggless pasta. The other entrees use chicken, turkey or lean beef.

Harvest offers a 37-item breakfast menu with sourdough seven-grain pancakes and a make-your-own omelet. And the on-premises bakery turns out apple cinnamon rolls, unbleached flour croissants and apple crumb cake for eat-in or takeout.

COFFEECAKE AND COMMITMENT

Hobee's Restaurants, Palo Alto, Calif.

Sales, $10 million; units 11; AUV, $800,000; check average, NA.

Hobee's asks a lot of a potential franchisee: namely, a philosophical commitment to the ideals of healthful eating, employee empowerment and, above all, customer service. But seven operators have been willing to make that commitment so far. And Peter Taber and Connie Durant, offspring of Hobee's founder Paul Taber, are confident the chain's recent double-digit profit hikes will keep enough franchise offers coming in to open four to six new Hobee's a year.

Healthful though it might be, Hobee's menu is a study in contradictions. The menu is about half vegetarian, and sales are slightly more so, about 60%. On the veggie side are a seven-vegetable quesadilla ($6.25), black-bean chili over brown-rice pilaf ($6.50), and an all-you-can eat salad bar ($6.25). But carnivores can choose from three chicken entrees and five burgers—though the one made with a tofu patty outsells these.

But one of the most popular of Hobee's offerings, at breakfast and through the day, is the menu of seven dishes made with the chain's signature hash-brown potatoes, from Hi-Hat hash browns topped with ham and cheese, to Saratoga-style with turkey sausage, mushrooms, tomatoes, peppers, tomato-basil sauce and cheese.

Hobee's franchisees pay $35,000 for the first unit and a 5% royalty on sales.

HEART-Y EATING

Bless Your Heart, Midland, Texas

continued on page 62

THE
HARVEST
RESTAURANT
&
BAKERY

Harvest's half-meatless menu is a hit in its native Colorado; now it's on to California for the chain that serves health with style.

Sales for year ended 12/31/90 unless a different fiscal year (fy) is noted; average unit volume (AUV) is for units open at least one year.

GROWTH CHAINS

Diverse concepts trade on good value, a simple focus and entertainment.

continued from page 60

Sales, $3.5 million; units, 8; AUV, $500,000; check average, $5.50.

Bless Your Heart founders Steve and Amanda Plummer went down to Acapulco for a vacation in 1985 and came back with a restaurant concept: one featuring all-natural soups, salads and sandwiches carefully monitored for their dietary value. They opened their first restaurant in 1987 on a site where four previous operations had failed. Four years later, eight Bless Your Heart outlets scattered through Texas and Louisiana serve up a 33-item menu.

Almost every Bless Your Heart item meets the American Heart Association's guidelines. All but three items get less than 30% of their calories from fat; and even those three can be adapted. For the ultimate in nutritional control, the chain makes its own bread, sour cream, nonfat yogurt and salad dressings. It substitutes mozzarella for higher-fat Cheddar cheese in salads and has devised a low-fat "mock guacamole" for Mexican and avocado dishes.

Sandwiches, priced at around $4, center on turkey, tuna, grilled chicken and lean roast beef. The same elements turn up on the salad menu, while soups are made from scratch daily with lean meats. A children's menu offers a turkey melt, grilled mozzarella sandwich or PB and J made with fruit-juice-sweetened preserves. For the dessert-minded, Bless Your Heart offers yogurt shakes in 10 flavors and six kinds of fruit slush drink.

MISCELLANEOUS

LUCY LOVERS, THE NEW GENERATION

Juicy Lucy's, Fort Myers, Fla.

Sales, $3.4 million; units, 5; AUV, $875,000; check average, $3.

Juicy Lucy's? It means juicy, loosely shaped hamburgers. And once customers taste the hand-pattied, fresh-ground-beef product, the name makes sense, according to Suzanne Grady, partner in the three-year-old double-drive-thru venture.

The top seller is the 99-cent quarter-pound grilled hamburger. Breaded chicken breast, breaded pork loin, barbecue pork, BLT, and ham and cheese sandwiches complement the line of burgers. A breakfast menu consists of fresh egg sandwiches made to order.

Within 18 months, 15 to 20 more units will dot southwest Florida and the state's coastal cities that have a minimum population of 20,000. Grady says the chain has national expansion plans, and expects to have as many as 500 units in five years.

The startup cost for a franchise is between $300,000 and $350,000. The initial franchise fee is $25,000, the royalty is 5% and advertising contributions stand at 0.5%.

JUICY LUCY'S
DRIVE-THRU
Juicy Lucy's
¼lb. 99¢

With a strategy to remain price-oriented, nothing on Juicy Lucy's menu sells for more than $2.

NO PLACE LIKE HOMESTYLE

Homestyle Buffet, Oldsmar, Fla.

Sales, $52.5 million; units, 32; AUV, $1.7 million; check average, $5.70.

With 90 items on the menu, Homestyle Buffet is banking on its ability to give middle-America families the variety they desire at a price they can afford.

With a food cost that runs at 36%, the buffet presents traditional salads, fruit, soup, hot rolls and muffins baked on premises, vegetables and a variety of entrees including carved roast beef, turkey and ham. Dessert fare includes key lime pie, cheesecake and cobbler. Lunch costs $4.99; dinner, $6.99.

Guest counts stand at 6,000 per week. Homestyle's average unit volume is $1.7 million. At larger units, that translates into profit of more than 15%, according to John Scott, president, who came to Homestyle Buffet in June after engineering the turnaround at PoFolks.

By the end of 1991, 36 units will be in operation. Scott says the chain plans to add 20% to 25% new company units each year in Florida and up the Atlantic coast. A franchising program, expected to start within a year, should boost the unit count to as many as 80 by the end of 1993.

JILLIAN'S RACKS UP SALES

Jillian's Billiard Club & Cafe, Boston

Sales (fy end 3/31), $3 million; units, 4; AUV, $1.3 million; check average, $15.

"I'll have the marinated chicken brochettes, grilled prawns, champagne, and, by the way, rack 'em up." This is a familiar refrain at Jillian's, a four-unit upscale billiards club that takes foodservice seriously.

Chief Operating Officer Steve Foster plans to open five more units within 8 months and wants to add one a month for the following 12-month period. To date, all units are joint ventures.

Finger foods dominate the menu, making it easy for guests to play pool and eat at the same time. A line of salads, sandwiches, grilled skewers, 9-inch pizzas (shaped like triangular pool racks) and desserts range in price from $2 to $10. On average, foodservice accounts for 55% of total sales. R&I

Sales for year ended 12/31/90 unless a different fiscal year (fy) is noted; average unit volume (AUV) is for units open at least one year.

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